General Fund Revenue Overview

Summary of General Fund Revenue and Transfers In

Category	FY 2021 Actual	FY 2022 Adopted Budget Plan	FY 2022 Revised Budget Plan[1]	FY 2023 Advertised Budget Plan	Change from Revised Increase/ (Decrease)	Change from Revised % Change
Real Estate Taxes - Current and Delinquent	$3,006,833,157	$3,047,959,917	$3,047,959,917	$3,296,237,535	$248,277,618	8.1%
Personal Property Taxes - Current and Delinquent[2]	642,393,566	654,120,443	662,966,267	734,187,290	71,221,023	10.7%
Other Local Taxes	549,104,239	525,807,944	545,966,336	559,819,267	13,852,931	2.5%
Permits, Fees and Regulatory Licenses	57,076,113	52,439,181	50,782,784	10,768,187	(40,014,597)	(78.8%)
Fines and Forfeitures	5,477,214	8,727,970	6,913,687	8,166,007	1,252,320	18.1%
Revenue from Use of Money/Property	24,776,135	14,973,158	14,597,536	19,152,733	4,555,197	31.2%
Charges for Services	33,695,016	57,104,738	50,885,981	58,506,226	7,620,245	15.0%
Revenue from the Commonwealth and Federal Government[2]	253,962,109	141,664,665	143,116,142	143,932,164	816,022	0.6%
Recovered Costs / Other Revenue	18,312,162	15,526,944	14,778,130	17,014,267	2,236,137	15.1%
Total Revenue	**$4,591,629,711**	**$4,518,324,960**	**$4,537,966,780**	**$4,847,783,676**	**309,816,896**	**6.8%**
Transfers In	8,707,781	9,000,481	24,000,481	9,712,936	(14,287,545)	(59.5%)
Total Receipts	**$4,600,337,492**	**$4,527,325,441**	**$4,561,967,261**	**$4,857,496,612**	**295,529,351**	**6.5%**

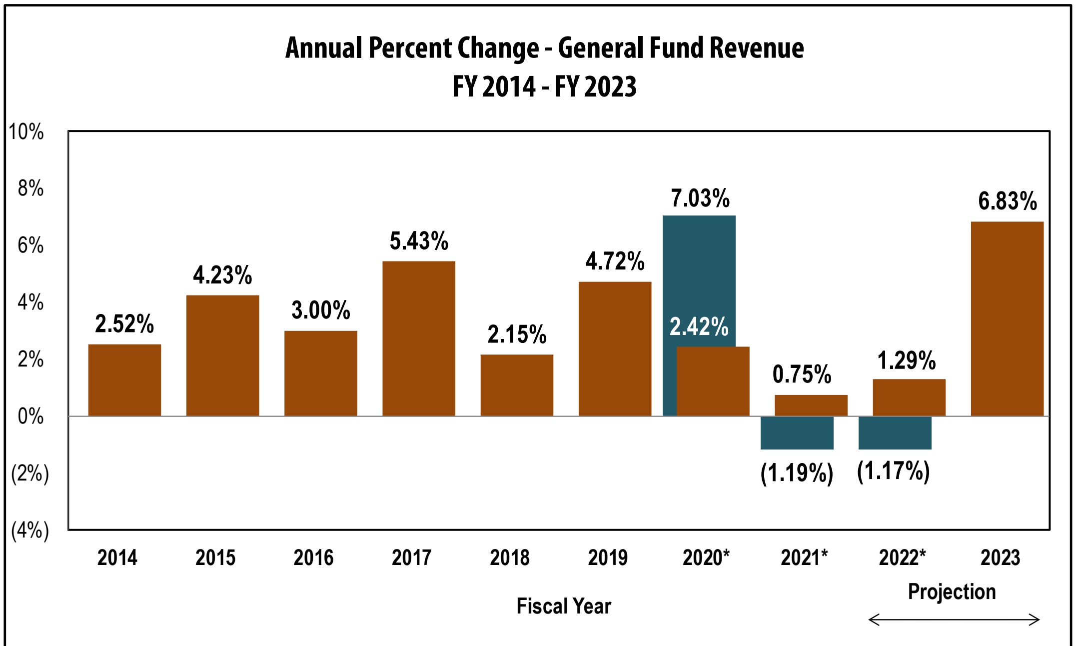
[1] FY 2022 revenue estimates were increased a net $19.6 million as part of the *FY 2021 Carryover Review* and the *FY 2022 Mid-Year Review*. Explanations of these changes can be found in the following narrative. The *FY 2022 Third Quarter Review* may contain further adjustments as necessary.

[2] The portion of the Personal Property Tax reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 is included in the Personal Property Tax category for the purpose of discussion in this section.

As reflected in the preceding table, FY 2023 General Fund revenues are projected to be $4,847,783,676, an increase of $329,458,716 or 7.3 percent over the FY 2022 Adopted Budget Plan. FY 2022 revenue estimates were increased a net $19.6 million in a number of revenue categories as part of the *FY 2021 Carryover Review* and the *FY 2022 Mid-Year Review*. As a result, the FY 2023 General Fund revenue reflects an increase of $309,816,896 or 6.8 percent over the *FY 2022 Revised Budget Plan*, which contains the latest FY 2022 revenue estimates. The revenue increase in FY 2023 is primarily due to an increase of 8.1 percent in Real Estate Tax revenue as a result of an 8.57 percent rise in the Real Estate assessment base. It should be noted that Real Estate tax revenue reflects the allocation of the projected value of one-half penny of the Real Estate tax rate ($14.69 million) and an additional $5.0 million to Fund 30300, Affordable Housing Development and Investment. In addition, Personal Property Taxes are projected to increase $71.2 million, or 10.7 percent, due to a significant appreciation of vehicle assessed values; and Other Local Taxes are expected to increase $13.9 million on projected growth in Local Sales Tax, Business, Professional, and Occupational License Tax, and Transient Occupancy Tax. Partially offsetting these increases is a projected $40.0 million decrease in Permits, Fees and Regulatory Licenses revenue primarily associated with redirecting General Fund revenue generated by the activities of Agency 31, Land Development Services, to Fund 40200, Land Development Services. To account for all revenues and expenditures related to Land Development Services, a new special revenue fund is established as part of the FY 2023 Advertised Budget Plan. More details about Fund 40200 could be found in Volume 2 of the FY 2023 Advertised Budget Plan.

Incorporating Transfers In, FY 2023 General Fund receipts are anticipated to be $4,857,496,612. The Transfers In to the General Fund total $9.7 million and reflect $2.5 million from Fund 40030, Cable Communications, $3.0 million from Fund 69010, Sewer Operation and Maintenance, $1.4 million from Fund 40100, Stormwater Services, and $2.8 million from various other funds for indirect support provided by the County's General Fund agencies.

The following chart shows General Fund revenue growth since FY 2014. Revenues rose at an average annual growth rate of 3.9 percent in the period from FY 2014 to FY 2019. In FY 2020, revenues were impacted by the COVID-19 pandemic. The County received $200.2 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Fund to deal with the effects of the pandemic and as a result General Fund revenue grew 7.03 percent. Absent this one-time federal stimulus revenue, actual FY 2020 revenue would have increased 2.42 percent over FY 2019. A revenue decline of 1.19 percent occurred in FY 2021, because the amount of pandemic-related General Fund revenue received from the federal government decreased to approximately $111 million. Absent this pandemic-related revenue, actual FY 2021 revenue reflected an increase of 0.75 percent over FY 2020. The latest revenue estimate for FY 2022 does not assume any additional pandemic-related revenue from the federal government and as a result reflects a decrease of 1.17 percent compared to FY 2021, or an increase of 1.29 percent if adjustments for the federal support in FY 2021 are taken into account. In FY 2023, the General Fund revenue is expected to increase 6.83 percent as a result of strong growth experienced in property assessment values, which determine the majority of the General Fund tax levy.



* Blue bars include impact of CARES federal stimulus revenue of $200.2 million received in FY 2020 and American Rescue Plan Act revenue of $111.4 million received in FY 2021.

Economic Indicators

The COVID-19 pandemic remains the single largest factor determining the course of the economy. After the initial wave of COVID-19 in 2020, there have been several significant new spikes, including the Delta variant in Summer 2021, and the Omicron variant which peaked in January 2022. Overall, in 2021 the economy grew at an extremely strong rate of 5.7 percent, in contrast to a decrease of

3.4 percent in 2020. The country's Gross Domestic Product (GDP) is now larger than it was pre-pandemic. The increase in the GDP was driven by unusually strong consumption expenditures, particularly on goods, which increased by 12.1 percent during the year, and investment, which increased by 9.5 percent after decreasing in 2020. The momentum continued through the 4th quarter of 2021 when the economy grew at an annual rate of 6.9 percent. In Fairfax County, for the first six months of the fiscal year, Sales Tax revenues increased by 15.5 percent compared to the previous fiscal year. Growth in consumer expenditures on services, while still strong, has lagged and expenditures on services have not yet recovered to pre-pandemic levels.

Reflecting the strong economy, employment surged in 2021. The unemployment rate fell from 6.4 percent in January 2021 to 4.0 percent in January 2022. The average monthly gain in the number of jobs during 2021 was 555,000 per month, for a total increase of over 6.5 million jobs. As of January 2022, nonfarm employment has increased by 19.1 million since bottoming in April 2020 but remains down by 2.0 million or 1.9 percent from its pre-pandemic level in February 2020. According to the Bureau of Labor Statistics' Job Opening and Labor Turnover Survey (JOLTS), there are currently 10.9 million unfilled jobs in the United States, a number that remains close to its series high. In contrast, prior to the pandemic in February 2019, there were 7.1 million job openings. It appears that the labor force participation rate is still subdued, likely due to the ongoing uncertainty related to the pandemic.

One of the concerns for the future performance of the economy is the surging inflation. As of January 2022, the year-over-year increase in the Consumer Price Index (CPI) reached 7.5 percent, the largest increase in 40 years. The increases in several key components of the CPI have been particularly painful for Americans. The cost for food increased 7.0 percent year over year, the price of gasoline increased 40.0 percent, and the cost for used cars and trucks increased 40.5 percent. The inflation has also spread to asset prices. According to the Case-Shiller Index, a widely followed measure of US home prices, for the period ending in November 2021, home prices increased 18.8 percent compared to a year ago. That is a larger year-over-year increase than during any single month of the housing bubble of 15 years ago.

To deal with the economic effects of the pandemic, over the last two years there has been unprecedented monetary and fiscal support for the economy. Early in 2020, the Federal Reserve cut its target for the federal funds rate to a range of 0 percent to 0.25 percent. It also stepped in with lending to support households, employers, and state and local governments, and reinstated a policy of asset purchases of Treasury securities and Agency mortgage-backed securities. Despite accelerating inflation, the extensive monetary support continued throughout 2021 as the Federal Reserve continued to suggest that inflation would be "transitory" due to pandemic related supply chain problems. In December 2021, Federal Reserve Board Chairman Jerome Powell admitted that it was "probably a good time to retire that word" and suggested that the Fed would pivot toward tighter monetary policy. In his January 2022 press conference after the most recent Federal Reserve Board meeting, Powell affirmed that asset purchases would end in March, two months earlier than planned, and that once asset purchases ended, interest rates would increase. Some economic observers are projecting as many as 5 to 7 rate increases during 2022.

In addition to the Fed's monetary actions, the U.S. Congress has provided several very large packages of fiscal stimulus to businesses, households, and state and local governments. Most recently, in March 2021 President Biden signed into law the American Rescue Plan Act (ARPA) of 2021, which provided an additional $1.9 trillion in stimulus, including extending unemployment benefits, an expansion of the childcare credit, funding for vaccine distribution, and $350 billion in additional aid to state and local governments. In all, the federal government has committed $4.6 trillion in total budget resources to deal with the effects of COVID-19. That is equal to about 20 percent of the country's 2021 GDP. However, much of the short-term fiscal stimulus such as extended unemployment benefits and the childcare credit expansion has ended. Overall, Fairfax County received almost $700 million in federal aid from COVID related stimulus packages. In November 2021, President Biden signed into law a $1.2 trillion infrastructure bill which should provide some long-term fiscal support for the economy, though the additional spending will be spread out over many years.

During the Great Recession, the Washington region was an anomaly in that it shed fewer jobs than most other areas in the country as the federal government increased spending and hiring to prop up the economy. However, during the pandemic recession, the Washington region's economy was not insulated from the effects of the pandemic. Much of the economic pain was concentrated in lower wage sectors, and the changes in jobs and unemployment have not had the same impact as the jobs lost during the 2008/2009 recession and later during the sequestration, when higher paying jobs were lost. The sectors of the economy relying upon discretionary consumer spending have fared the worst, particularly in the service sector, and the recovery continues to lag. In Northern Virginia, from December 2019 to December 2021, the overall number of jobs fell by 22,600 or 1.5 percent, while the number of jobs in the Leisure and Hospitality sector decreased by 11.8 percent. The number of jobs in the well-paying Professional and Business Services sector increased by 3.9 percent during that period. Federal procurement spending accounts for about 30 percent of the Washington area's economy, and the workforce of federal contractors has recovered more quickly from pandemic-related disruptions and resumed more normal operations, even if many continue to work from home. In December 2021, the unemployment rate in Fairfax County was at 2.2 percent, compared to last December's rate of 5.5 percent. The unemployment rate would be higher but for the fact that the total labor force remains 3.6 percent lower than in December 2019, reflecting lower labor market participation compared to pre-pandemic levels.

Current economic conditions make revenue forecasting difficult. In Chairman Powell's statement at his January 26, 2022 press conference, he said that "the economic outlook remains highly uncertain" and that "the economy evolves in unexpected ways." The end of fiscal stimulus means that fiscal policy will likely become an economic headwind instead of a tailwind. To pursue its mandate of price stability, the Federal Reserve will have to find a balance between raising interest rates and reducing monetary accommodation while not stalling an economy that has become very dependent upon low interest rates. Most economic forecasters expect the economy to continue to expand, albeit at a slower pace. The Conference Board projects that GDP growth will increase at an annualized rate of 3.5 percent in 2022 and 2.9 percent in 2023, while the International Monetary Fund predicts that GDP will increase at a rate of 4.0 percent in 2022 and 2.6 percent in 2023. However, the last time inflation in the United States fell from over 5 percent without a downturn was over 70 years ago. It is likely that COVID-19 will continue to have a major impact on how County residents work and do business, with significant economic effects likely to linger in unpredictable ways.

Local Housing Market

Based on information from Bright MLS, the average sales price of homes sold in Fairfax County rose 8.7 percent from $652,320 in 2020 to $709,136 in 2021. Home prices increased primarily as a result of the tight inventory of homes for sale and low mortgage rates. Since bottoming out in 2009, the average home sales price has risen 70.0 percent, or at an average annual growth rate of 4.5 percent. Bright MLS also reported that 19,407 homes sold in the County in 2021, up 15.9 percent compared to 2020. Homes that sold during 2021 were on the market for an average of 17 days, down from 19 days in 2020.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, the direct office vacancy rate at year-end 2021 was 16.0 percent, up from 14.6 percent at year-end 2020. The overall office vacancy rate, which includes empty sublet space, was 17.0 percent at year-end 2021, up from 15.5 percent recorded at year-end 2020. The amount of empty office space increased to 20.3 million square feet.

At year-end 2021, office development continued around Metro stations in the Silver Line corridor and in other areas of the County as well. Six office buildings, totaling approximately 2.1 million square feet, were under construction as of December 2021. The 0.9 million square feet of office that delivered in 2021 fell short of 2020's level of approximately 1.2 million square feet. Office leasing activity totaled 2.2 million square feet during the first half of 2021, compared to 1.9 million in the back half of 2020. The number remains considerably down from pre-pandemic levels. The expectation is that office leasing activity will remain low through the rest of 2021, with many industry experts viewing 2022 as the beginning of the office market recovery.

In FY 2023, current and delinquent Real Estate Tax revenue comprises 68.0 percent of total County General Fund revenues. FY 2023 Real Estate property values were established as of January 1, 2022 and reflect market activity through calendar year 2021. The Real Estate Tax base is projected to increase 8.57 percent in FY 2023 and is made up of a 7.72 percent increase in total equalization (reassessment of existing residential and nonresidential properties), and an increase of 0.85 percent for new construction.

Major Revenue Sources

The following major revenue categories discussed in this section comprise 99.1 percent of total FY 2023 General Fund revenue. Unless otherwise indicated, comparative data are presented relative to the *FY 2022 Revised Budget Plan*. The revenue estimates for all General Fund Revenue categories are shown in the Summary Schedule of General Fund Revenues in the section of this volume titled "Financial, Statistical and Summary Tables."

Category	FY 2021 Actual	FY 2022 Adopted Budget Plan	FY 2022 Revised Budget Plan[1]	FY 2023 Advertised Budget Plan	Change from Revised	
					Increase / (Decrease)	% Change
Real Estate Tax - Current	$2,997,861,231	$3,039,404,623	$3,039,404,623	$3,286,398,947	$246,994,324	8.1%
Personal Property Tax - Current [2]	627,578,261	639,574,785	648,420,609	718,659,783	70,239,174	10.8%
Paid Locally	*416,264,317*	*428,260,841*	*437,106,665*	*507,345,839*	*70,239,174*	*16.1%*
Reimbursed by Commonwealth	*211,313,944*	*211,313,944*	*211,313,944*	*211,313,944*	*0*	*0.0%*
Business, Professional and Occupational License Tax-Current	171,263,824	170,000,000	176,400,000	180,810,000	4,410,000	2.5%
Local Sales Tax	200,832,101	199,209,725	207,861,225	213,426,158	5,564,933	2.7%
Recordation/Deed of Conveyance Taxes	51,925,761	35,730,727	38,264,711	38,264,711	0	0.0%
Bank Franchise Tax	26,706,225	23,654,317	23,654,317	24,837,033	1,182,716	5.0%
Gas & Electric Utility Taxes	44,374,901	44,940,753	44,374,901	44,374,901	0	0.0%
Vehicle License Fee	26,804,964	27,052,146	26,548,092	26,813,573	265,481	1.0%
Transient Occupancy Tax	6,637,031	7,040,000	9,955,000	11,448,250	1,493,250	15.0%
Cigarette Tax	4,947,032	4,830,660	4,723,074	4,486,920	(236,154)	(5.0%)
Permits, Fees and Regulatory Licenses	57,076,113	52,439,181	50,782,784	10,768,187	(40,014,597)	(78.8%)
Investment Interest	22,953,530	12,638,976	12,638,976	17,155,002	4,516,026	35.7%
Charges for Services	33,695,016	57,104,738	50,885,981	58,506,226	7,620,245	15.0%
Fines and Forfeitures	5,477,214	8,727,970	6,913,687	8,166,007	1,252,320	18.1%
Recovered Costs/ Other Revenue	18,312,162	15,526,944	14,778,130	17,014,267	2,236,137	15.1%
Revenue from the Commonwealth and Federal Government [2]	253,962,109	141,664,665	143,116,142	143,932,164	816,022	0.6%
Total Major Revenue Sources	**$4,550,407,475**	**$4,479,540,210**	**$4,498,722,252**	**$4,805,062,129**	**$306,339,877**	**6.8%**

[1] FY 2022 revenue estimates were increased a net $19.6 million as part of the *FY 2021 Carryover Review* and the *FY 2022 Mid-Year Review*. Explanations of these changes can be found in the following narrative. The *FY 2022 Third Quarter Review* may contain further adjustments, as necessary.

[2] The portion of the Personal Property Tax reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 is included in the Personal Property Tax category for the purpose of discussion in this section.

Real Estate Taxes

REAL ESTATE TAX-CURRENT

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$2,997,861,231	$3,039,404,623	$3,039,404,623	$3,286,398,947	$246,994,324	8.1%

The FY 2023 Advertised Budget Plan estimate for Current Real Estate Taxes is $3,286,398,947 and represents an increase of $246,994,324 or 8.1 percent over the *FY 2022 Revised Budget Plan* estimate. The increase is the result of the rise of the Real Estate tax base of 8.57 percent as compared to the FY 2022 valuation of real property. The Real Estate tax rate is $1.14 per $100 of assessed value, the same as in FY 2022.

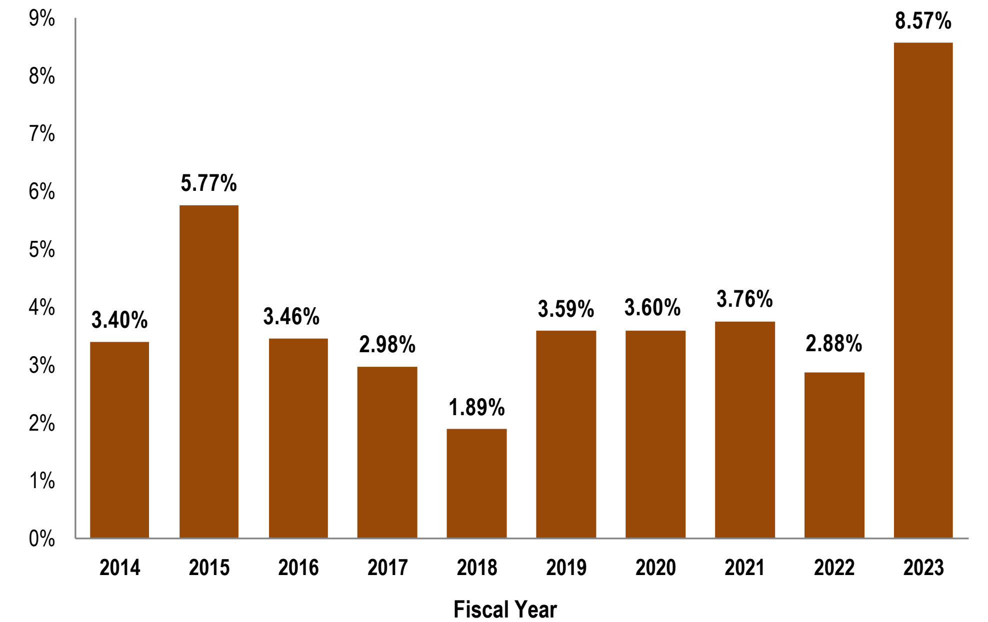
The FY 2023 value of assessed real property represents an increase of 8.57 percent, as compared to the FY 2022 Real Estate Land Book, and is comprised of an increase in equalization of 7.72 percent and an increase of 0.85 percent associated with new construction. The FY 2023 figures reflected in this document are based on final assessments for Tax Year 2022 (FY 2023), which were established as of January 1, 2022. In addition to the revenue shown in the table above, the projected value of one-half penny on the Real Estate Tax rate ($14.69 million) and an additional $5.0 million is allocated to Fund 30300, Affordable Housing Development and Investment, and $4.9 million is allocated to Fund 70040, Mosaic District Community Development Authority. Throughout FY 2023, Real Estate Tax revenues will be adjusted as necessary to reflect changes in exonerations, tax abatements, and supplemental assessments, as well as any differences in the projected collection rate of 99.65 percent.

The FY 2023 Main Assessment Book Value is $295,770,449,300 and represents an increase of $23,351,957,690, or 8.57 percent, over the FY 2022 main assessment book value of $272,418,491,610.

From FY 2005 through FY 2007, the assessment base experienced double-digit advances. Deceleration began in FY 2008, when the assessment base rose just 4.15 percent, and continued in FY 2009 with a modest increase of 0.51 percent. Following the financial crisis and a general decline in economic conditions, the FY 2010 assessment base declined 9.95 percent, which was the largest drop on record. The assessment base decreased for a second consecutive year in FY 2011, declining 9.20 percent. Since FY 2012, the assessment base has experienced an average annual growth of 3.46 percent through FY 2022.

The following chart shows changes in the County's assessed value base from FY 2014 to FY 2023.

Percentage Change in Real Estate Assessed Value
FY 2014 - FY 2023



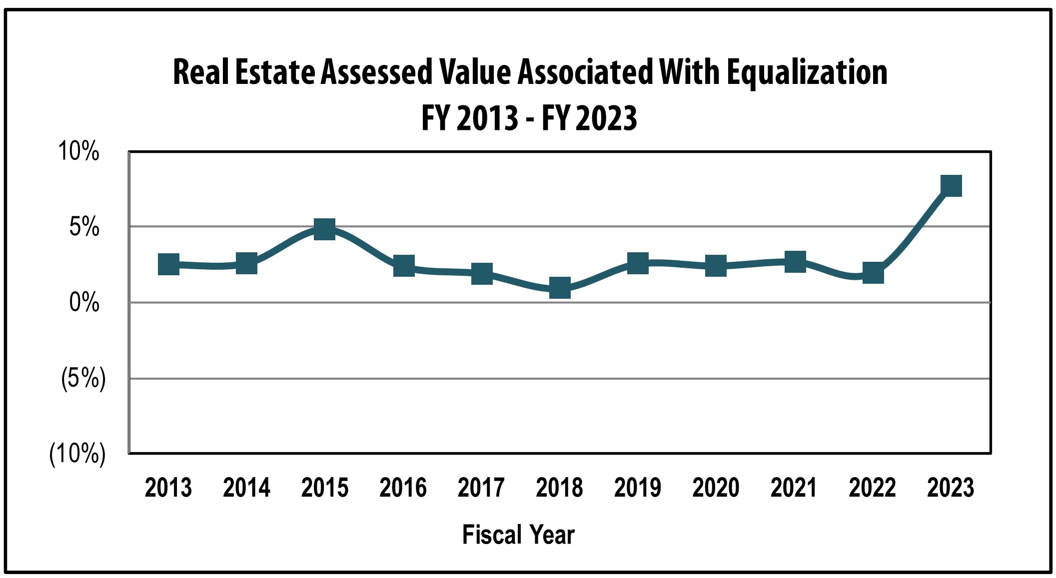
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Equalization	2.63%	4.84%	2.40%	1.94%	0.97%	2.58%	2.45%	2.71%	2.02%	7.72%
Res	3.50%	6.54%	3.39%	1.64%	0.68%	2.17%	2.36%	2.65%	4.25%	9.57%
NonRes	0.14%	(0.10%)	(0.60%)	2.87%	1.85%	3.79%	2.71%	2.87%	(4.05%)	2.27%
Growth	0.77%	0.93%	1.06%	1.04%	0.92%	1 .01%	1.15%	1.05%	0.86%	0.85%
TOTAL	3.40%	5.77%	3.46%	2.98%	1.89%	3.59%	3.60%	3.76%	2.88%	8.57%

The overall change in the assessment base is comprised of equalization and normal growth. For reporting purposes, individual properties are identified as being in either the equalization category or the growth category, but not both. Equalization properties are those whose values change due to market fluctuations. Growth is a category of properties whose value changes are also influenced by new construction, remodeling or rezonings. Once growth factors are identified, the entire property value is shown in the growth category, even though the property is also influenced by equalization. The FY 2023 assessment base reflects a total equalization increase of 7.72 percent and an increase of 0.85 percent associated with the growth component. As a result of changes in equalization and growth, the residential portion of the total assessment base increased from 74.33 percent in FY 2022 to 75.48 percent in FY 2023. The following table reflects changes in the Real Estate Tax assessment base from FY 2017 through FY 2023.

Main Real Estate Assessment Book Value and Changes
(in millions)

Assessed Base Change Due To:	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Equalization	**$4,401.5**	**$2,269.9**	**$6,140.1**	**$6,032.5**	**$6,908.6**	**$5,340.6**	**$21,024.3**
% Change	1.94%	0.97%	2.58%	2.45%	2.71%	2.02%	7.72%
Residential	1.64%	0.68%	2.17%	2.36%	2.65%	4.25%	9.57%
Nonresidential	2.87%	1.85%	3.79%	2.71%	2.87%	(4.05%)	2.27%
Normal Growth	**$2,362.6**	**$2,148.1**	**$2,403.1**	**$2,825.1**	**$2,693.0**	**$2,284.2**	**$2,327.6**
% Change	1.04%	0.92%	1.01%	1.15%	1.05%	0.86%	0.85%
Residential	0.56%	0.36%	0.57%	0.68%	0.67%	0.76%	0.78%
Nonresidential	2.54%	2.61%	2.29%	2.47%	2.10%	1.13%	1.08%
Total Change	**$6,764.2**	**$4,418.0**	**$8,543.2**	**$8,857.6**	**$9,601.7**	**$7,624.8**	**$23,351.9**
% Change	2.98%	1.89%	3.59%	3.60%	3.76%	2.88%	8.57%
Total Book	$233,373.1	$237,791.1	$246,334.3	$255,192.0	$264,793.6	$272,418.5	$295,770.4

Equalization, or reassessment of existing residential and nonresidential property, represents an increase in value of $21,024,324,370, or 7.72 percent, in FY 2023. Both residential and non-residential property values rose in FY 2023. Overall, residential equalization reflects a 9.57 percent increase in FY 2023, compared to a 4.25 percent increase in FY 2022. Nonresidential equalization increased 2.27 percent in FY 2023, compared to a 4.05 percent decrease in FY 2022. Changes in the assessment base as a result of equalization are shown in the following graph.



Residential equalization rose at double digit rates from FY 2002 through FY 2007 due to high demand but a limited supply of housing. Strong job growth, the easy availability of credit and profit-led speculation contributed to price appreciation in the local housing market. This rapid appreciation in home values was followed by several years of declines from FY 2008 through FY 2011 during the Great Recession and the housing market crisis, as the inventory of homes for sale grew and home prices dropped in the County, as they did throughout the Northern Virginia area. Since FY 2012, the value of residential properties in the County has increased every year. During calendar year 2021, residential real estate in Fairfax County experienced a very strong sellers' market, as was the case throughout Northern Virginia and the U.S. This was due to historically low mortgage rates and demand for housing exceeding supply. Home sale prices in 2021 were significantly higher on average and were the primary basis in determining residential assessed values for tax year 2022 (FY 2023).

The total value of residential properties including new construction in FY 2023 is $224.3 billion.

The County's median assessment to sales ratio is in the mid-90 percent range, well within professional standards that assessments should be between 90 percent to 110 percent of the sales prices experienced in a neighborhood.

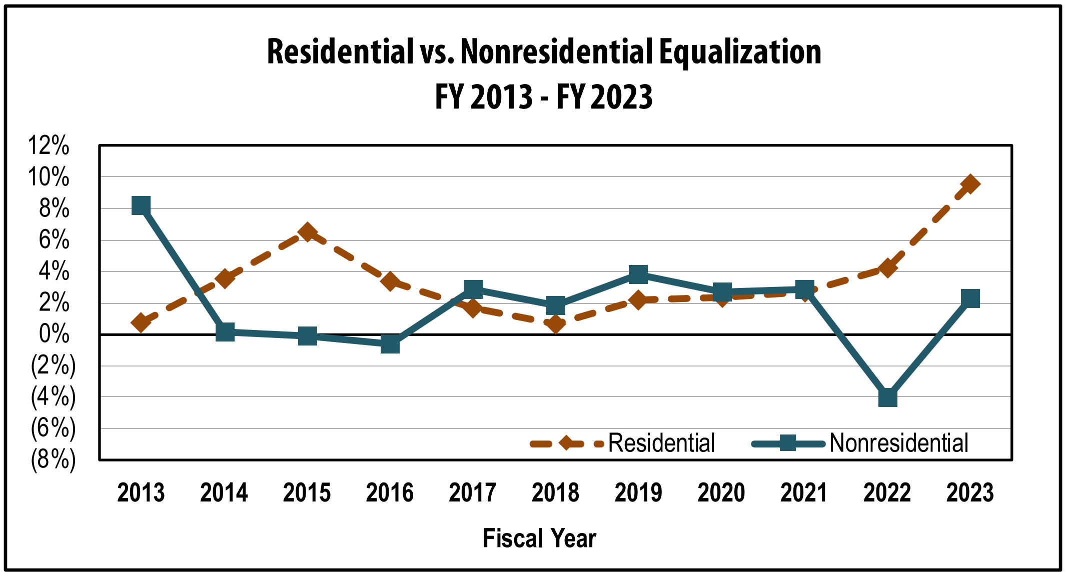
Overall, single family property values increased 10.86 percent in FY 2023. The value of single-family homes has the most impact on the total residential base because they represent 71.8 percent of the total. The value of townhouse properties increased 8.70 percent in FY 2023, while that of condominium properties increased 3.98 percent. Changes in residential equalization by housing type since FY 2018 are shown in the following table. Changes represented in this chart are for the category as a whole. Individual neighborhoods and properties may have increased or decreased by different percentages based on neighborhood selling prices.

Residential Equalization Changes

Housing Type/ (Percent of Base)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Single Family (71.8%)	0.62%	2.11%	2.17%	2.36%	4.17%	10.86%
Townhouse/Duplex (19.9%)	1.37%	2.86%	3.12%	3.43%	5.13%	8.70%
Condominiums (7.8%)	(0.32%)	1.68%	2.98%	4.36%	4.62%	3.98%
Vacant Land (0.4%)	0.03%	2.01%	3.11%	1.89%	2.07%	11.67%
Other (0.1%)[1]	9.52%	9.70%	1.67%	0.35%	1.95%	3.88%
Total Residential Equalization (100%)	**0.68%**	**2.17%**	**2.36%**	**2.65%**	**4.25%**	**9.57%**

[1] Includes, for example, affordable dwelling units, recreational use properties, and agricultural and forestal land use properties.

As a result of the increase in residential equalization, the mean assessed value of all existing residential property in the County is $668,974. This is an increase of $58,429 over the FY 2022 value of $610,545. At the Real Estate tax rate of $1.14 per $100 of assessed value, the typical residential annual tax bill will rise, on average, $666.09 in FY 2023 to $7,626.30.

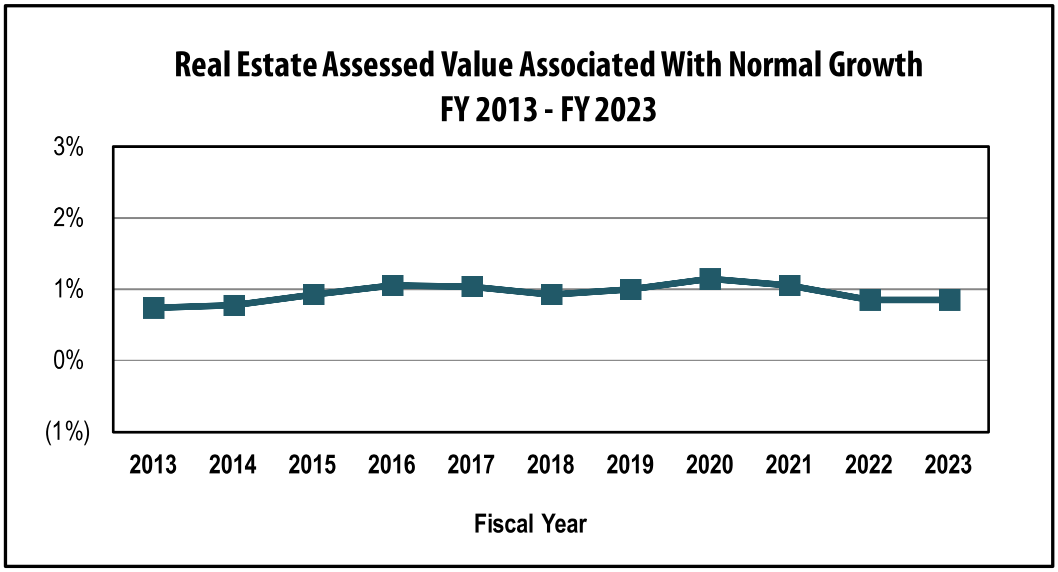


After experiencing a record decline of 18.29 percent in FY 2011, nonresidential equalization rebounded 3.73 percent in FY 2012, and a strong 8.21 percent in FY 2013. In FY 2014, nonresidential values stayed essentially level with FY 2013, increasing only 0.14 percent. In FY 2015 and FY 2016, nonresidential values decreased a slight 0.10 percent and another 0.60 percent, respectively. From FY 2017 to FY 2021, growth in nonresidential equalization was higher than that of residential equalization. The trend ended in FY 2022 when nonresidential equalization decreased by 4.05 percent. Most nonresidential categories experienced an assessment decrease in FY 2022 as a result of the COVID-19 pandemic. The pandemic continued through calendar year 2021 but its effects on daily life were lessened by the widespread availability of several vaccines. As the world returned to a "new normal," commercial real estate values began to recover from the significant decreases seen in the previous tax year. Retail properties, no longer hampered by mandated closures, saw the return of shoppers to nearly pre-pandemic levels. Apartments and industrial properties remain strong and saw increases in value for tax year 2022 (FY 2023). Hotels, while experiencing slight increases in value over last year, continue to struggle as business and convention travel is still far below pre-pandemic levels. High-rise office buildings experienced another decline in value as remote work continues to be the norm and companies continue to "right size" their office footprint. After decreasing 44.2 percent in FY 2022, hotels increased 1.92 percent in FY 2023. Retail properties, which decreased 10.2 percent in FY 2022, increased 2.84 percent in FY 2023. Office Elevator properties (mid- and high-rises), the largest component of the nonresidential tax base at 29.7 percent, experienced a decrease of 0.45 percent in FY 2023 after decreasing 4.42 percent in FY 2022. Apartment values, which represent 28.4 percent of the total nonresidential base, rose 6.60 percent in FY 2023. The total value of nonresidential properties including new construction in FY 2023 is $71.4 billion. Nonresidential equalization changes by category since FY 2018 are presented in the following table.

Nonresidential Equalization Changes

Category (Percent of Base)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Apartments (28.4%)	3.37%	2.40%	2.13%	4.37%	2.78%	6.60%
Office Condominiums (3.5%)	0.49%	1.19%	1.77%	0.43%	(0.59%)	0.65%
Industrial (6.1%)	(0.26%)	9.61%	5.90%	2.01%	0.14%	1.97%
Retail (15.8%)	7.39%	7.00%	1.66%	2.59%	(10.20%)	2.84%
Office Elevator (29.7%)	(1.39%)	2.82%	3.32%	4.01%	(4.42%)	(0.45%)
Office - Low Rise (2.2%)	1.39%	1.11%	2.75%	1.77%	(3.28%)	2.41%
Vacant Land (4.0%)	(1.17%)	(0.35%)	4.28%	(0.13%)	(5.36%)	(0.74%)
Hotels (1.9%)	(0.12%)	8.13%	6.62%	2.23%	(44.20%)	1.92%
Other (8.4%)	6.73%	6.13%	2.80%	1.52%	(3.75%)	0.84%
Nonresidential Equalization (100%)	**1.85%**	**3.79%**	**2.71%**	**2.87%**	**(4.05%)**	**2.27%**

The Growth component increased the FY 2023 assessment base by $2,327,633,320, or 0.85 percent, over the FY 2022 assessment book value. New construction increased the residential property base by 0.78 percent and nonresidential properties by 1.08 percent.



In addition to the final equalization and normal growth adjustments in the Main Assessment Book, the following projected adjustments were made to the FY 2023 Real Estate Tax revenue estimate:

Exonerations, Certificates and Tax Abatements are anticipated to reduce the Real Estate assessment base by $1,586.0 million in FY 2023, resulting in a reduction in levy of $18.1 million.

Additional Assessments expected to be included in the new Real Estate base total $800.0 million, or a levy increase of $9.1 million, and include both prorated assessments and additional supplemental assessments. Prorated assessments are supplemental assessments that include assessments which are made during the year for new construction that is completed subsequent to finalizing the original assessment book.

The Real Estate Tax Relief Program is projected to reduce the Real Estate assessment base in FY 2023 by $4,775.0 million. The reduction in tax levy due to the Tax Relief program is approximately $54.4 million at the Real Estate tax rate of $1.14 per $100 of assessed value. For

FY 2023, the income limits of the Tax Relief program were adjusted by the Board of Supervisors and provide 100 percent exemption for elderly and disabled taxpayers with incomes up to $60,000; 50 percent exemption for eligible applicants with income between $60,001 and $80,000; and 25 percent exemption if income is between $80,001 and $90,000. The allowable asset limit in FY 2023 was also increased and is $400,000 for all ranges of tax relief. Veterans, who have a 100 percent permanent and total disability related to military service, or their surviving spouse, are eligible for full Real Estate Tax relief regardless of income or assets. In addition, the surviving spouse of a veteran who has been killed in action may be eligible for a full or partial exemption of real estate taxes for their principal residence and up to one acre of land. For tax years beginning on or after January 1, 2017, a surviving spouse of a first responder killed in the line of duty may be eligible for a full or partial exemption of real estate taxes for their principal residence and up to one acre of land. The following table shows FY 2023 income and asset thresholds for the Real Estate Tax Relief Program.

FY 2023 Real Estate Tax Relief Program

	Income Limit	Asset Limit	Percent Relief
Elderly and Disabled	Up to $60,000 Over $60,000 to $80,000 Over $80,000 to $90,000	$400,000	100% 50% 25%
100% Disabled Veterans or Surviving Spouse	No Limit	No Limit	100%
Surviving Spouse of Veteran Killed in Action or First Responder Killed in the Line of Duty	No Limit	No Limit	Full or partial based on mean assessed value

The FY 2023 local assessment base of $290,209,449,300 is derived from the main assessment book and subsequent adjustments discussed above. From this local assessment base, a local tax levy of $3,308,387,722 is calculated using the Real Estate Tax rate of $1.14 per $100 of assessed value. Based on an expected local collection rate of 99.65 percent, revenue from local assessments is estimated to be $3,296,808,365. In FY 2023, every 0.01 percentage point change in the collection rate on the locally assessed Real Estate Tax levy yields a revenue change of $0.3 million, while every penny on the tax rate yields $29.4 million in revenue.

Added to the local assessment base is an estimated $1,241,931,300 in assessed value for Public Service Corporations (PSC) property. Using the Real Estate tax rate of $1.14 per $100 of assessed value, the tax levy on PSC property is $14,158,017. The collection rate on PSC property is expected to be 100.0 percent.

The total assessment base, including Public Service Corporations, is $291,451,380,600, with a total tax levy of $3,322,545,739 at the Real Estate Tax rate of $1.14 per $100 of assessed value. Estimated FY 2023 revenue from the Real Estate Tax, including receipts from Public Service Corporations totals $3,310,966,382. Of this amount, the approximate value of one-half cent on the Real Estate Tax rate, $14,686,000, and an additional $5,000,000, has been directed to Fund 30300, Affordable Housing Development and Investment, and $4,881,435 has been directed to Fund 70040, Mosaic District Community Development Authority.

FY 2023 Estimated Real Estate Assessments and Tax Levy

	Assessed Value	FY 2023 Tax Levy at $1.14/$100 of Assessed Value
FY 2022 Real Estate Book	$272,418,491,610	$3,105,570,804
FY 2023 Equalization	21,024,324,370	$239,677,298
FY 2023 Growth	2,327,633,320	26,535,020
TOTAL FY 2023 REAL ESTATE BOOK	**$295,770,449,300**	**$3,371,783,122**
Exonerations	($1,550,000,000)	($17,670,000)
Certificates	(11,000,000)	(125,400)
Tax Abatements	(25,000,000)	(285,000)
Subtotal Exonerations	**($1,586,000,000)**	**($18,080,400)**
Supplemental Assessments	$800,000,000	$9,120,000
Tax Relief	(4,775,000,000)	(54,435,000)
Local Assessments	**$290,209,449,300**	**$3,308,387,722**
Public Service Corporation	$1,241,931,300	$14,158,017
TOTAL[1]	**$291,451,380,600**	**$3,322,545,739**

[1] Includes the Mosaic District Tax Increment Financing (TIF) assessed value based on the difference between the 2007 Base Assessed Value and the Current Assessed Value, which in FY 2023 is $647,711,590, with a tax levy of $7,383,912.

Mosaic District Community Development Authority (CDA) was created to assist commercial investment in the Merrifield area of the County. The Mosaic CDA issued bonds, the proceeds from which are to be used to finance certain public infrastructure improvements within the Mosaic District to support mixed-use development within the District. The CDA bonds are payable primarily from certain incremental real estate tax revenues collected by the County in the District. The Mosaic District Tax Increment Financing (TIF) assessed value is based on the difference between the 2007 Base Assessed Value and the Current Assessed Value, which in FY 2023 is $647,711,590, with a tax levy of $7,383,912 at the Real Estate Tax rate of $1.14 per $100 of assessed value. Based on an expected collection rate of 99.65 percent, revenue from the Mosaic TIF tax assessment is estimated to be $7,358,068. Per the bond documents, the County is to transfer to the CDA only those tax increment revenues required for debt service payments, which equates to $4,881,435 in FY 2023. Accordingly, the difference of $2,476,633 will be retained in the General Fund. For more information, see Fund 70040, Mosaic District Community Development Authority, in Volume 2 of the budget.

Total General Fund revenue from the Real Estate Tax is $3,286,398,947. The total local collection rates experienced in this category since FY 2008 are shown in the following table:

Real Estate Tax Local Collection Rates

Fiscal Year	Collection Rate	Fiscal Year	Collection Rate
2008	99.66%	**2016**	99.75%
2009	99.66%	**2017**	99.79%
2010	99.71%	**2018**	99.74%
2011	99.67%	**2019**	99.75%
2012	99.69%	**2020**	99.75%
2013	99.71%	**2021**	99.66%
2014	99.74%	**2022 (estimated)**	99.50%
2015	99.77%	**2023 (estimated)[1]**	99.65%

[1] In FY 2023, every 0.1 percentage point change in the collection rate yields a revenue change of $3.3 million.

The Commercial/Industrial percentage of the County's FY 2023 Real Estate Tax base is 17.00 percent, a decrease of 1.17 percentage point from the FY 2022 level of 18.17 percent. Commercial/Industrial property values as a percentage of the Real Estate Tax base decreased in FY 2023 as a result of strong growth in residential real estate values and the lingering effects of the COVID-19 pandemic related economic disruptions which impacted many of the commercial property categories. The Commercial/Industrial percentage is based on Virginia land use codes and includes all nonresidential property except multi-family rental apartments, which make up 7.52 percent of the County's Real Estate Tax base in FY 2023. Fairfax County's historical Commercial/Industrial percentages are detailed in the following table:

Commercial/Industrial Percentages

Fiscal Year	Percentage	Fiscal Year	Percentage
2008	19.23%	**2016**	18.67%
2009	21.06%	**2017**	18.89%
2010	22.67%	**2018**	19.12%
2011	19.70%	**2019**	19.43%
2012	19.64%	**2020**	19.66%
2013	20.77%	**2021**	19.72%
2014	19.96%	**2022**	18.17%
2015	19.01%	**2023**	17.00%

FY 2022 Current Real Estate Tax Revenue

Since the adoption of the FY 2022 budget, there have been no changes to the FY 2022 Real Estate Tax estimate.

Personal Property Taxes

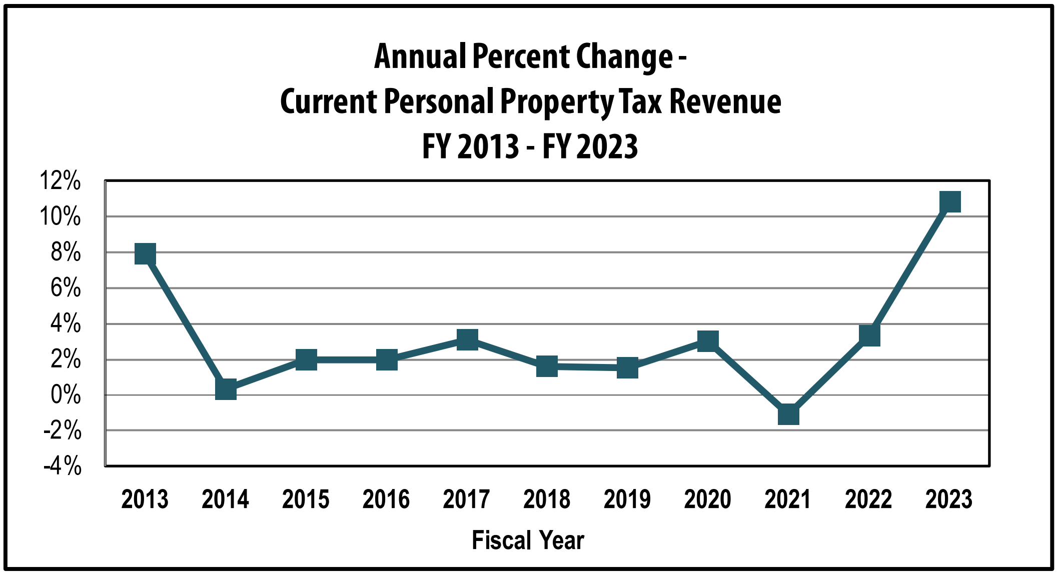
PERSONAL PROPERTY TAX-CURRENT

	FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
Paid Locally	$416,264,317	$428,260,841	$437,106,665	$507,345,839	$70,239,174	16.1%
Reimbursed by State	211,313,944	211,313,944	211,313,944	211,313,944	0	0.0%
Total	**$627,578,261**	**$639,574,785**	**$648,420,609**	**$718,659,783**	**$70,239,174**	**10.8%**

The FY 2023 Advertised Budget Plan estimate for Personal Property Tax revenue of $718,659,783 represents an increase of $70,239,174 or 10.8 percent over the *FY 2022 Revised Budget Plan* estimate. The increase is primarily due to a significantly higher average vehicle levy based on a preliminary analysis of vehicles in the County valued with November 2021 information from the National Automobile Dealers Association. It should be noted that updated information regarding the January 1, 2022 vehicle assessed values suggests an even greater increase above the level already assumed in the FY 2023 Advertised Budget Plan, as the ongoing disruption in supply chains and the manufacturing of technological components has caused used and new car prices to continue to soar. Staff will evaluate the impact of these trends on the projected Personal Property tax revenue for FY 2023. Based on the unprecedented nature of these increases, staff recommends discussing options with the Board of Supervisors at an upcoming Budget Committee meeting.

The Personal Property Tax on vehicles represents 79.5 percent of the total assessment base in FY 2023. The vehicle component is comprised of two parts, that which is paid locally and that which is reimbursed by the Commonwealth of Virginia to the County as a result of the Personal Property Tax Relief Act (PPTRA) of 1998. The PPTRA reduces the Personal Property Tax paid on the first $20,000 of the value for vehicles owned by individuals. In FY 1999, the first year of implementation, taxpayers were billed for the entire amount of tax levy and received a refund of 12.5 percent of the tax on the first $20,000 of the value of their personal vehicle from the Commonwealth of Virginia. Vehicles valued less than $1,000 were refunded 100 percent. From FY 2000 to FY 2002, the PPTRA reduced the Personal Property Taxes paid by citizens by 27.5 percent, 47.5 percent, and 70 percent, respectively, with an offsetting reimbursement paid to the County by the Commonwealth. Under the original approved plan, taxes paid by individuals were to be reduced by 100 percent in FY 2003. However, due to the Commonwealth's lower than anticipated General Fund revenue growth, the reimbursement rate remained at 70 percent in FY 2003 through FY 2006. The 2004 General Assembly approved legislation that capped statewide Personal Property Tax reimbursements at $950 million in FY 2007 and beyond. Fairfax County's allocation has been set at $211.3 million based on the County's share of statewide tax year 2004 collections. Each year County staff must determine the reimbursement percentage based on the County's fixed reimbursement from the state and an estimate of the number and value of vehicles that will be eligible for tax relief. Due to the unprecedented increase in the average vehicle levy projected in FY 2023 and the capped reimbursement amount from the state, the PPTRA percentage is anticipated to decrease to approximately 49.0 percent, down from 57.5 percent in FY 2022.

Annual percentage changes in total Personal Property Tax revenues are shown in the following graph.



From FY 2013 through FY 2019, annual growth in Personal Property Tax receipts has averaged 1.7 percent. During this period, as illustrated in the chart above, a sharp increase of 7.9 percent occurred in FY 2013. A reduction in the supply of new vehicles increased prices of both new and used automobiles. The decrease in supply was a result of a decline in U.S. auto production due to the slowdown in the economy and the earthquake and tsunami in Japan, which not only impacted Japanese automakers but also U.S. automakers that rely on parts from Japan. This situation caused the value of many used vehicles to depreciate less than what traditionally has been experienced and resulted in some vehicles actually appreciating over the year. This was not unique to Fairfax County, but was experienced nationwide.

Personal Property Tax receipts increased 3.0 percent in FY 2020, but declined 1.1 percent in FY 2021 as a result of COVID-19. The number of vehicles in the County dropped 4.0 percent, while the average vehicle levy was 1.4 percent higher compared to the previous year. In FY 2022, the estimate for Current Personal Property Taxes was increased $8.8 million over the FY 2022 Adopted Budget Plan estimate as part of the *FY 2022 Mid-Year Review* and represents an increase of 3.3 percent over the FY 2021 level. The projected FY 2022 increase is based on a higher-than-expected vehicle levy, partially offset by a lower-than-expected business levy. Staff from the Department of Tax Administration has noted that the FY 2022 average vehicle levy is significantly higher than initially anticipated based on strong demand and limited supply of new and used vehicles.

As shown in the chart above, a significant increase of 10.8 percent is projected for FY 2023. In a typical year, used-vehicle prices cool in the fall. However, all indications point to even higher prices for both used and new cars this winter due to disruptions and ongoing challenges on the new side of the market, as well as the short supply of used vehicles. The latest CPI (Consumer Price Index) report for January 2022 indicated that the cost for used cars and trucks increased 40.5 percent compared to January 2021 and there are no signs of softening. Experts also expect that used car prices will remain very strong for the next year, with increased volatility in the new car market industry as it works towards recovery.

Changes in vehicle volume and average vehicle levy since FY 2013 are shown in the following table.

Fairfax County Personal Property Vehicles

Fiscal Year	% Change in Vehicle Volume	Average Vehicle Levy	% Change in Average Levy
FY 2013	0.7%	$437	6.3%
FY 2014	0.9%	$445	1.8%
FY 2015	0.0%	$451	1.3%
FY 2016	0.0%	$457	1.3%
FY 2017	0.7%	$468	2.4%
FY 2018	0.8%	$469	0.1%
FY 2019	0.0%	$478	2.0%
FY 2020	(0.1%)	$495	3.5%
FY 2021	(4.0%)	$502	1.4%
FY 2022 (est.)	(1.0%)	$538	7.3%
FY 2023 (est.)[1]	(1.0%)	$621	15.5%

[1] Based on preliminary analysis of vehicles in the County valued with November 2021 information from the National Automobile Dealers Association.

Business Personal Property is primarily composed of assessments on furniture, fixtures, and computer equipment. Business levy is impacted by the number of new businesses and whether existing businesses are expanding or contracting. As government contractors cut back employment due to lower federal procurement spending, they delayed business expansions. Business levy rose a modest 0.8 percent in FY 2014 and 1.0 percent in FY 2015. Growth accelerated in FY 2016 to 1.2 percent and a strong 4.4 percent in FY 2017. Business levy decreased a slight 0.2 percent in FY 2018, likely due to depreciating value of newly acquired business personal property one year after acquisition, particularly given the strong growth experienced in FY 2017. Federal procurement spending in the County has continued to increase after the decline experienced due to the sequester, along with employment growth in Professional and Business Services jobs. Average annual growth in business personal property was 2.6 percent from FY2018 through FY2021. In FY 2022, it is expected to decrease a slight 1.5 percent but resume growth in FY2023, increasing 1.0 percent.

In accordance with assessment principles and the Code of Virginia, which require that property is taxed at fair market value, the Department of Tax Administration (DTA) reviews the depreciation rate schedule for computer hardware due to the speed with which computer values change. The current schedule depreciates computer equipment 50 percent, one year after acquisition. In subsequent years, the percent of the original purchase price taxed is 35 percent, 20 percent, and 10 percent, in year two, three and four, respectively. After five or more years, computer equipment is valued at 2 percent of its original acquisition price.

Personal Property Tax revenue estimates are based on a tax rate of $4.57 per $100 of valuation for vehicles and business property, and a tax rate of $1.14 per $100 of valuation for mobile homes and non-vehicle Public Service Corporations properties. The following table details the estimated assessed value and associated levy for components of the Personal Property Tax.

FY 2023 Estimated Personal Property Assessments and Tax Levy

Category	FY 2023 Assessed Value	Tax Rate (per $100)	FY 2023 Tax Levy	Percent of Total Levy
Vehicles				
Privately Owned	$11,829,710,798	$4.57	$486,404,786	66.6%
Business Owned	726,134,974	4.57	30,297,596	4.2%
Leased	1,538,135,800	4.57	63,875,979	8.8%
Subtotal	**$14,093,981,572**		**$580,578,361**	**79.5%**
Business Personal Property				
Furniture and Fixtures	$2,170,383,760	$4.57	$100,310,858	13.7%
Computer Equipment	757,705,399	4.57	34,912,600	4.8%
Machinery and Tools	22,189,165	4.57	1,020,253	0.1%
Research and Development	156,368	4.57	7,146	0.0%
Subtotal	**$2,950,434,692**		**$136,250,857**	**18.6%**
Other Personal Property				
Boats, Trailers, Miscellaneous	$19,904,508	$4.57	$909,636	0.1%
Mobile Homes	15,176,754	1.14	173,015	0.1%
Subtotal	**$35,081,262**		**$1,082,651**	**0.2%**
Exonerations	($84,109,699)	$4.57	($32,306,034)	(4.4%)
Omitted Assessments	376,454,992	4.57	7,179,119	1.0%
Total Local Assessed Value and Levy	**$17,371,842,819**		**$692,784,954**	**94.9%**
Public Service Corporations				
Equalized	$3,250,925,261	$1.14	$37,060,562	5.1%
Vehicles	8,086,862	4.57	369,571	0.1%
Subtotal	$3,259,012,123		$37,430,133	5.1%
TOTAL	**$20,630,854,942**		**$730,215,087**	**100.0%**

FY 2023 Personal Property Tax assessments including Public Service Corporations are $20,630,854,942, with a total tax levy of $730,215,087. Personal Property Tax revenue collections are projected to be $718,659,783, of which $211.3 million will be reimbursed from the state. The collection rate associated with the taxpayer's share is estimated to be 97.6 percent. Total collection rates experienced in this category since FY 2008 are shown in the following table:

Personal Property Tax Collection Rates

Fiscal Year	Collection Rate	Fiscal Year	Collection Rate
2008	98.0%	2016	98.5%
2009	97.9%	2017	98.4%
2010	97.8%	2018	98.3%
2011	97.9%	2019	98.0%
2012	98.2%	2020	97.6%
2013	98.4%	2021	96.4%
2014	97.4%	2022 (estimated)	97.6%
2015	98.4%	2023 (estimated)[1]	97.6%

[1] In FY 2023, each 0.1 percentage point change in the collection rate on the local tax levy will impact revenues by approximately $0.5 million, and each penny on the tax rate yields a revenue change of $1.5 million.

FY 2022 Current Personal Property Tax Revenue

The *FY 2022 Mid-Year Review* estimate for Current Personal Property Taxes of $648,420,609 reflects an increase of $8.8 million, or 1.4 percent, over the FY 2022 Adopted Budget Plan estimate and represents an increase of 3.3 percent over the FY 2021 level. The projected increase is based on a higher-than-expected vehicle levy, partially offset by a lower-than-expected business levy. Staff will continue to monitor Personal Property Tax collections, and any necessary adjustments to account for variances in the vehicle and business levies as well as the collection rate will be included as part of the *FY 2022 Third Quarter Review*.

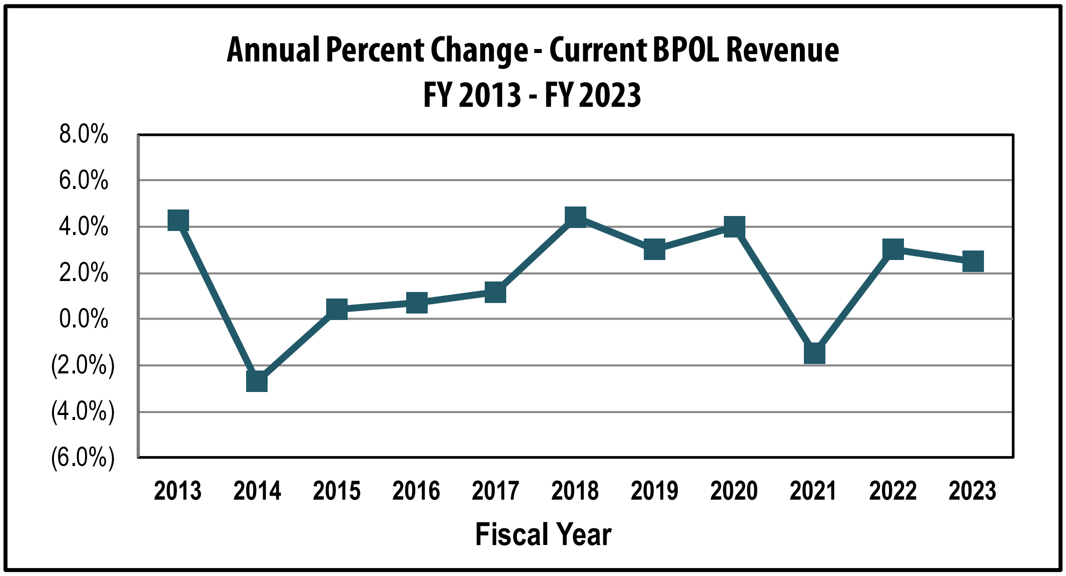
Business, Professional and Occupational License Tax

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$171,263,824	$170,000,000	$176,400,000	$180,810,000	$4,410,000	2.5%

The FY 2023 Advertised Budget Plan estimate for Business, Professional, and Occupational License Taxes (BPOL) of $180,810,000 reflects an increase of $4,410,000 or 2.5 percent over the *FY 2022 Revised Budget Plan*. As shown in the following chart, FY 2013 BPOL receipts, which were based on the gross receipts of businesses in calendar year 2012, reflected the continued improvement in local economic conditions after the Great Recession and increased by 4.3 percent. BPOL revenue decreased 2.7 percent in FY 2014 primarily due to lower federal government procurement spending. Due to anemic job growth, BPOL receipts were flat in FY 2015, increasing only 0.4 percent over FY 2014. BPOL receipts increased 0.7 percent in FY 2016 and 1.2 percent in FY 2017 as job growth resumed. FY 2018 receipts increased 4.4 percent over the FY 2017 level, which was the strongest growth rate since FY 2011, followed by an increase of 3.0 percent in FY 2019 and 4.0 percent in FY 2020. FY 2021 BPOL revenue was expected to decrease 5.4 percent due to the negative impact of the pandemic on economic activity in the County. However, actual FY 2021 BPOL collections decreased less than expected and ended the year only 1.5 percent below the FY 2020 level. In FY 2021, the combined Consultant and Business Service Occupations categories, which represent almost 45 percent of total BPOL receipts, increased 4.3 percent over the FY 2020 level. The Retail category, which represents almost 17 percent of total BPOL receipts, decreased 10.7 percent in

FY 2021. Heavily impacted by the pandemic, the Amusements category decreased 85.1 percent and the Hotels/Motels category declined 65.0 percent.



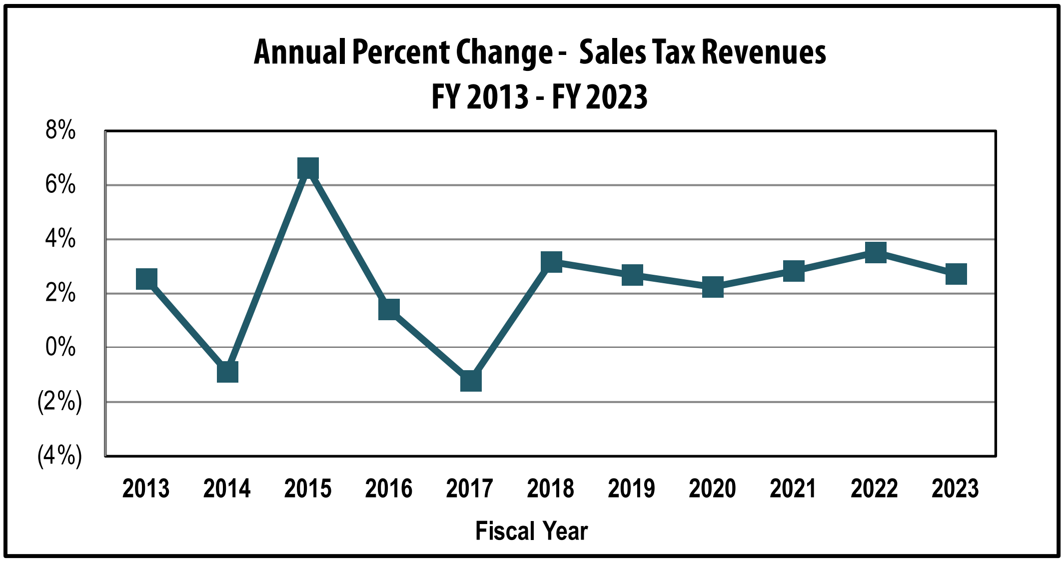
Since County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, there is limited actual data available throughout the fiscal year. As part of the *FY 2022 Mid-Year Review*, the BPOL estimate was increased by $6.4 million and represents an increase of 3.0 percent over the FY 2021 actual level. FY 2022 BPOL revenue is expected to be positively impacted by the reopening of the economy during calendar year 2021, and also supported by significant federal government stimulus. Collections are expected to increase in most BPOL categories, with the most extensive increases in categories such as Hotels and Motels, Retail Merchants, and Personal Services that experienced the largest pandemic related declines. Based on the expectation that the economy will continue to recover during calendar year 2022, FY 2023 BPOL receipts are projected to be $180.8 million, an increase of $4.4 million or 2.5 percent.

Local Sales Tax

LOCAL SALES TAX

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$200,832,101	$199,209,725	$207,861,225	$213,426,158	$5,564,933	2.7%

The FY 2023 Advertised Budget Plan estimate for Sales Tax receipts of $213,426,158 reflects an increase of $5,564,933 or 2.7 percent over the *FY 2022 Revised Budget Plan*. The following chart illustrates that the level of Sales Tax receipts has varied with economic conditions.



In FY 2013, Sales Tax receipts continued increased 2.5 percent. Total FY 2014 Sales Tax receipts were down 0.9 percent, the first decline in four years. The decline was primarily due to the severe winter weather, as well as federal sequestration and refunds for prior year's receipts totaling $2.0 million. After rebounding a strong 6.6 percent in FY 2015, Sales Tax receipts in FY 2016 grew a modest 1.4 percent. Growth would have been weaker absent a transfer of $2.2 million that the County received in FY 2016 as the result of a state audit. FY 2017 receipts ended the fiscal year 1.2 percent down from FY 2016. The decline was primarily due to a $2.5 million refund during the year and the $2.2 million audit increase received in FY 2016, which made the annual comparison less favorable. FY 2018 collections increased 3.1 percent, followed by a 2.7 percent increase in FY 2019. In FY 2020, Sales tax revenue was significantly higher through March 2020 primarily as a result of a new law enacted by the Virginia General Assembly as of July 1, 2019 requiring the collection of state and local sales taxes from remote internet sellers in response to the provisions of the U.S. Supreme Court decisions in the South Dakota v. Wayfair, Inc. case. However, due to store closures and economic disruption as a result of the COVID-19 pandemic, FY 2020 receipts fell sharply at the end of the fiscal year. Overall, FY 2020 collections were only 2.2 percent higher than the FY 2019 level. Staff had originally anticipated that FY 2021 Sales Tax revenue would fall considerably due to business breakdowns and the economic recession, but receipts held up well, in large part due to a pandemic-related shift toward online spending, and actual FY 2021 collections increased 5.1 percent over the FY 2020 level. The FY 2022 Sales Tax revenue estimate was increased by $8.7 million as part of the *FY 2022 Mid-Year Review*. Sales tax collections in FY 2022 through October were up 14.8 percent primarily as a result of federal stimulus and as people have continued to spend more on goods rather than services. As the economic boost from the federal COVID stimulus begins to wane, Sales Tax collections are expected to slow in the remainder of the fiscal year. The revised FY 2022 estimate reflects a projected increase of 3.5 percent over the FY 2021 level. Staff will continue to closely monitor consumer confidence and spending and the impact of the ongoing pandemic on this revenue category. Any necessary adjustments to the current estimate will be included as part of the *FY 2022 Third Quarter Review*. Sales Tax receipts in FY 2023 are projected to rise 2.7 percent over the FY 2022 estimate based on the anticipation that consumer spending will increase moderately.

Recordation/Deed of Conveyance Taxes

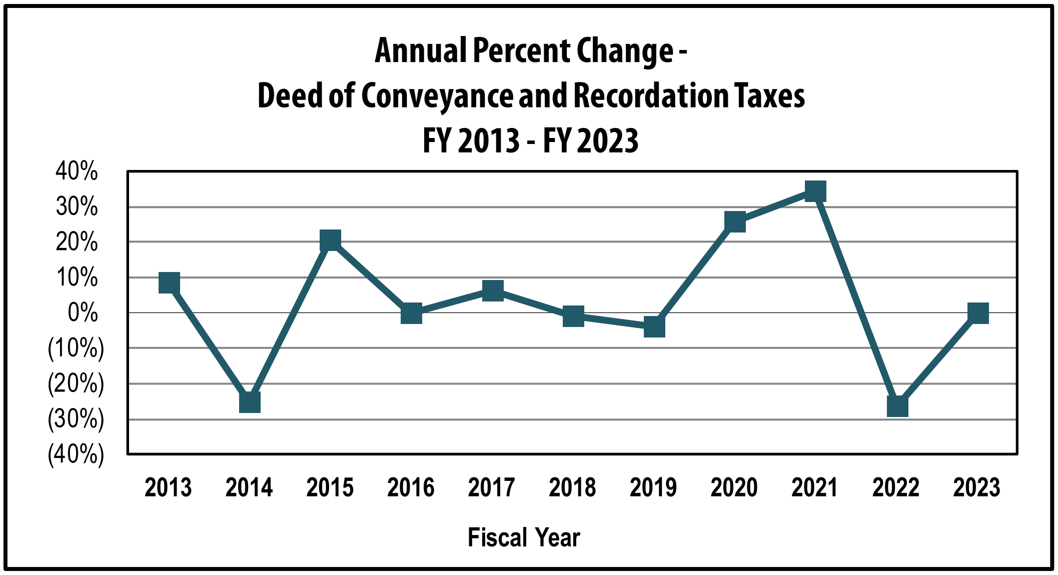
RECORDATION/DEED OF CONVEYANCE TAXES

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$51,925,761	$35,730,727	$38,264,711	$38,264,711	$0	0.0%

The FY 2023 Advertised Budget Plan estimate for Recordation and Deed of Conveyance Taxes of $38,264,711 represents no change from the *FY 2022 Revised Budget Plan*. The FY 2023 estimate is comprised of $29,926,163 in Recordation Tax revenues and $8,338,548 in Deed of Conveyance Tax revenues. Recordation and Deed of Conveyance Taxes are levied in association with the sale or transfer of real property located in the County. Recordation Taxes are also levied when mortgages on property located in the County are refinanced, making Recordation Tax revenues more sensitive to interest rate fluctuations than Deed of Conveyance Taxes. Home values and interest rate projections are used in an econometric model that assists in developing estimates for these categories.

Fairfax County's Deed of Conveyance Tax is assessed at a rate of $0.05 per $100. Local Recordation Taxes are set at one-third the State's Tax rate. From September 2004 through FY 2012, the State Recordation Tax was $0.25 per $100 of value. The rate was lowered on mortgage refinancing transactions to $0.18 per $100 of value effective July 1, 2012; however, all refinancing transactions are now taxable, whereas previously refinancing with the same lender was exempt from the tax. The State Recordation Tax rate on home purchases was not reduced and remained at $0.25 per $100. Therefore, as of FY 2013, the County's Recordation Tax rate on home purchases is $0.0833 per $100 of value, while the tax rate on mortgage refinancing is $0.06 per $100 of value.

Primarily due to increased mortgage refinancing activity as a result of low mortgage interest rates, revenues increased 8.5 percent in FY 2013. FY 2014 receipts declined a combined 25.4 percent due to a decline in mortgage refinancing as a result of higher interest rates, as well as a decline in the number of home sales. After increasing a strong 20.5 percent in FY 2015, receipts in FY 2016 remained level. FY 2017 collections grew 6.4 percent over the FY 2016 level. As a result of increasing mortgage interest rates and declining volume of mortgage refinancing activity, FY 2018 receipts were down a combined 0.7 percent; FY 2019 collections decreased another 3.9 percent. Due to historically low mortgage interest rates, which spurred a significant increase in refinancing activity, the combined receipts increased 25.8 percent in FY 2020 and another 34.4 percent in FY 2021. Through the first several months of FY 2022, due in part to the strong real estate market, activity is little changed compared to FY 2021 and the FY 2022 estimate was increased by $2.5 million as part of the *FY 2022 Mid-Year Review*. The revised FY 2022 estimate assumes that collections will slow in the second half of the fiscal year. FY 2023 receipts are projected to be flat with the FY 2022 level.

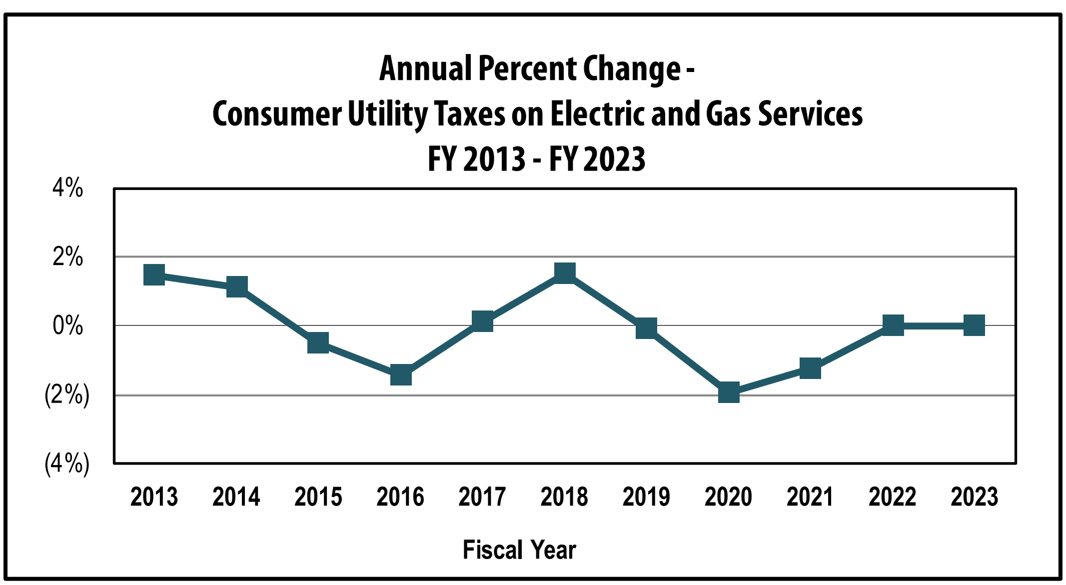


Consumer Utility Taxes

CONSUMER UTILITY TAXES - GAS AND ELECTRIC

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$44,374,901	$44,940,753	$44,374,901	$44,374,901	$0	0.0%

The FY 2023 Advertised Budget Plan estimate for Consumer Utility Taxes on gas and electric services of $44,374,901 reflects no change from the *FY 2022 Revised Budget Plan*. The FY 2023 estimate is comprised of $34,950,535 in taxes on electric service and $9,424,366 in taxes on gas service. County residents and businesses are subject to Consumer Utility Taxes based on their consumption of electricity and gas services.



Revenues from Consumer Utility Taxes on gas and electric services from FY 2013 to FY 2019 have remained stable, growing at an average annual rate of just 0.1 percent. FY 2020 collections decreased 2.0 percent compared to FY 2019 likely due to COVID-19 related business closures. In FY 2021, collections decreased another 1.3 percent. No growth is projected in FY 2022 and FY 2023.

Tax rates by customer class are shown in the following table.

Consumer Utility Taxes on Electricity and Natural Gas

Electricity		Natural Gas	
Electric Power Customer Class	Monthly Tax FY 2001-FY 2023	Natural Gas Customer Class	Monthly Tax FY 2001-FY 2023
Residential	$0.00605 per kWh	**Residential**	$0.05259 per CCF
Minimum	+$0.56 per bill	Minimum	+$0.56 per bill
Maximum	$4.00 per bill	Maximum	$4.00 per bill
Master Metered Apartments	$0.00323 per kWh	**Master Metered Apartments**	$0.01192 per CCF
Minimum	+$0.56 / dwelling unit	Minimum	+$0.56 / dwelling unit
Maximum	$4.00 / dwelling unit	Maximum	$4.00 / dwelling unit
Commercial	$0.00594 per kWh	**Nonresidential**	$0.04794 per CCF
Minimum	+ $1.15 per bill	Minimum	+ $0.845 per bill
Maximum	$1,000 per bill	Maximum	$300 per bill
Industrial	$0.00707 per kWh	**Nonresidential Interruptible**	$0.00563 per CCF
Minimum	+$1.15 per bill	Minimum	+$4.50 per meter
Maximum	$1,000 per bill	Maximum	$300 per meter

Vehicle Registration License Fee

VEHICLE REGISTRATION LICENSE FEE

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$26,804,964	$27,052,146	$26,548,092	$26,813,573	$265,481	1.0%

The FY 2023 Advertised Budget Plan estimate for Vehicle Registration Fee revenue of $26,813,573 reflects an increase $265,481 or 1.0 percent over the *FY 2022 Revised Budget Plan*. Fairfax County levies the fee at $33 for passenger vehicles that weigh 4,000 pounds or less and $38 on passenger vehicles that weigh more than 4,000 pounds. In addition, fees are $18 for motorcycles and $25 for buses used for transportation to and from church. The County does not require the display of a decal on the vehicle. The FY 2022 estimate was decreased by $0.5 million as part of the *FY 2022 Mid-Year Review* based on actual FY 2021 collections and FY 2022 year-to-date trends. Payment of Vehicle Registration License Fees is linked to the payment of Personal Property Taxes on October 5 each year. Vehicles owned by disabled veterans, members of volunteer fire departments and auxiliary police officers are exempt from the fee.

Transient Occupancy Tax

TRANSIENT OCCUPANCY TAX

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$6,637,031	$7,040,000	$9,955,000	$11,448,250	$1,493,250	15.0%

The FY 2023 Advertised Budget Plan estimate for Transient Occupancy Tax of $11,448,250 reflects an increase of $1,493,250 or 15.0 percent over the *FY 2022 Revised Budget Plan*. Transient Occupancy Taxes are charged as part of a hotel bill and remitted by the hotel to the County. The Transient Occupancy Tax has been levied at 4 percent since the Virginia General Assembly permitted the Board of Supervisors to levy an additional 2.0 percent Transient Occupancy Tax in FY 2005. A portion, 25 percent, of the additional 2.0 percent must be appropriated to a nonprofit convention and visitors' bureau located in the County. The remaining 75 percent must be used by the County to promote tourism. It should be noted that based on legislation enacted during the 2020 General Assembly session, the County was granted additional taxing authority, which could provide new revenue options. The legislation removed the rate ceiling for the Transient Occupancy Tax rate. Rates between 2 and 5 percent are required to be earmarked for tourism promotion, but there is no restriction on the use of funds at a tax rate above 5 percent.

During FY 2013 and FY 2014, business travel was reported to have been down in the region due to federal spending reductions and Transient Occupancy Tax revenue declined for two consecutive years. After rising a robust 9.3 percent in FY 2015, Transient Occupancy receipts increased 2.3 percent in FY 2016. FY 2017 collections increased a strong 6.6 percent, partially due to the Presidential Inauguration in January 2017. FY 2018 receipts were down 2.0 percent, the first decline since FY 2014. FY 2019 collections increased 3.6 percent. Actual FY 2020 receipts declined 31.2 percent due to the impact of the COVID-19 pandemic, followed by another decline of 57.9 percent in FY 2021. According to the Virginia Tourism Corporation, business travel is lagging leisure travel and it is not expected to recover until 2024. Travel spending in Northern Virginia during summer of 2021 was still 35 to 45 percent beneath 2019 levels. As part of the *FY 2022 Mid-Year Review*, the FY 2022 estimate was increased by $2.9 million. However, it still reflects a 57 percent decrease from the pre-pandemic FY 2019 level. FY 2023 estimate assumes an increase of 15.0 percent based on the expectation that hotel occupancy will continue to recover.

Cigarette Tax

CIGARETTE TAX

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$4,947,032	$4,830,660	$4,723,074	$4,486,920	($236,154)	(5.0%)

The FY 2023 Advertised Budget Plan estimate for Cigarette Tax of $4,486,920 reflects a decrease of $236,154 or 5.0 percent from the *FY 2022 Revised Budget Plan*. Fairfax County's tax rate is 30 cents per pack. It should be noted that new legislation enacted during the 2020 General Assembly authorized all counties in Virginia to impose cigarette taxes at a rate not to exceed 40 cents per pack. This authority took effect on July 1, 2021.

Cigarette Tax receipts have been down for nine consecutive years, decreasing 8.9 percent in FY 2021. As part of the *FY 2022 Mid-Year Review*, the FY 2022 estimate was decreased $0.1 million, reflecting a projected decline of 4.5 percent, based on actual receipts during FY 2021 and collections trends during the current fiscal year. FY 2023 Cigarette Tax receipts are anticipated to decline 5.0 percent.

Permits, Fees and Regulatory Licenses

PERMITS, FEES AND REGULATORY LICENSES

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$57,076,113	$52,439,181	$50,782,784	$10,768,187	($40,014,597)	(78.8%)

The FY 2023 Advertised Budget Plan estimate for Permits, Fees, and Regulatory Licenses of $10,768,187 reflects a decrease of $40,014,597 from the *FY 2022 Revised Budget Plan*. The net decrease is mainly due to the transfer of all revenues of Agency 31, Land Development Services, to the new Fund 40200, Land Development Services (LDS). The LDS fee revenue for building permits, site plans, and inspection services made up over 80 percent of the Permits, Fees, and Regulatory Licenses category in FY 2021.

The *FY 2022 Mid-Year Review* estimate for Permits, Fees, and Regulatory Licenses of $50,782,784 reflects a net decrease of $1.7 million, or 3.2 percent, from the FY 2022 Adopted Budget Plan estimate. Zoning Fee revenue estimate was decreased by $0.6 million, and the estimates for Fire Marshal and Acceptance Test Overtime fees were reduced by $1.1 million based on collection trends through October 2021.

Fines and Forfeitures

FINES AND FORFEITURES

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$5,477,214	$8,727,970	$6,913,687	$8,166,007	$1,252,320	18.1%

The FY 2023 Advertised Budget Plan estimate for Fines and Forfeitures of $8,166,007 reflects an increase of $1,252,320 or 18.1 percent over the *FY 2022 Revised Budget Plan*. The projected increase is based on the anticipation that a number of revenue categories, which were impacted by COVID-19, would start to recover in FY 2023.

The FY 2022 estimate for Fines and Forfeitures was decreased a net $1.8 million during the *FY 2022 Mid-Year Review*. The County's Administrative Fee on Delinquent Personal Property Tax collections was waived in Tax Year 2020 and is not expected to fully recover until FY 2023. Based on year-to-date collections, the FY 2022 revised estimate reflects a decrease of almost $1 million. Parking Violations revenue was down 14.7 percent through October and the revised FY 2022 estimate was decreased by $0.7 million. In addition, various other Fines and Forfeitures revenue categories have not yet fully recovered from the pandemic impact and were adjusted as part of the *FY 2022 Mid-Year Review*.

Investment Interest

INVESTMENT INTEREST

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$22,953,530	$12,638,976	$12,638,976	$17,155,002	$4,516,026	35.7%

The FY 2023 Advertised Budget Plan estimate for Investment Interest of $17,155,002 reflects an increase of $4,516,026 or 35.7 percent over the *FY 2022 Revised Budget Plan*. Revenue from this category is a function of the amount invested, the prevailing interest rates earned on investments, and the percentage of the total pooled investment portfolio attributable to the General Fund.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. From 2004 to 2006, the Federal Reserve increased interest rates from 1.0 percent to 5.25 percent in an effort to stem inflation. As a result of higher rates, the annual average yield on County investments was 5.1 percent in FY 2007, and revenue from Interest on Investments was a record high of $92.1 million. The federal funds rate remained unchanged from the end of 2008 to December 2015. During this period, it was set at 0.0 to 0.25 percent, its lowest in history, "to promote the resumption of sustainable economic growth" in the wake of the Great Recession. As a result, the Investment Interest revenue trended down for several years and dropped to as little as $10.7 million in FY 2015, with an average annual yield of 0.43 percent.

In December 2015, the Federal Reserve raised the target range for the federal funds rate by a quarter-percentage point for the first time in almost a decade as policy makers cited the improved labor market conditions and the solid pace of economic activity. As a result, FY 2016 Interest on Investments increased $5.5 million to $16.2 million at an annual yield of 0.66 percent. The Fed raised the interest rate again in December 2016 and continued raising it at a gradual pace throughout 2017. FY 2017 revenue was $27.5 million at an average annual yield of 1.14 percent. The FY 2018 Interest on Investments revenue was $41.4 million with an annual yield of 1.61 percent. The federal funds rate was increased four times throughout 2018 and FY 2019 revenue was $69.0 million at an average annual yield of 2.53 percent.

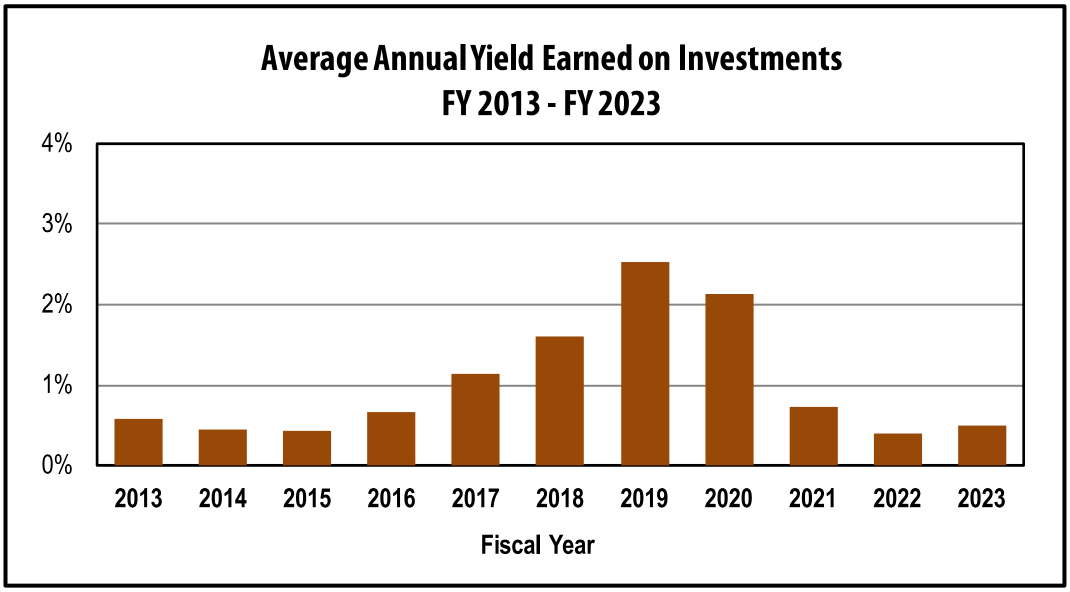
The Federal Reserve was expected to continue raising rates throughout 2019; however, in July, September, and October 2019, it reduced the rate by quarter percentage point at each meeting, bringing it to 1.50-1.75 percent range. Based on the actions of the Fed, the FY 2020 revenue was $64.1 million with a yield of 2.14 percent.

In the face of the coronavirus crisis, the Federal Reserve implemented two emergency rate cuts in the beginning of March 2020 and took the benchmark interest rate to near zero. To prop the U.S. economy from the fallout of the pandemic, the Fed also announced numerous steps to ensure that banks would keep lending to businesses. The Fed's actions negatively impacted the earnings that the County generated on its portfolio investments. General Fund Investment Interest revenue in FY 2021 declined $41.1 million, or 64.2 percent from the FY 2020 level and the average yield was 0.72 percent. There have been no changes to the FY2022 revenue estimate since the adoption of the FY 2022 budget, which reflects a projected average yield of 0.40 percent.

The FY 2023 Advertised Budget Plan estimate for Investment Interest of $17.2 million reflects an increase of $4.5 million over FY 2022. The increase is based on a projected average yield of 0.50 percent and no growth in the County's portfolio. The FY 2023 revenue estimate assumes a portfolio size of $4.0 billion and a General Fund percentage net of administrative fees of 79.2 percent. All available resources are pooled for investment purposes and the net interest earned is distributed among the various County funds, based on the average dollars invested from each fund as a percentage of the total pooled investment.

It should be noted that in December 2021, Federal Reserve Board Chairman Jerome Powell suggested that the Fed would likely pivot toward tighter monetary policy in the face of soaring inflation. In his January press conference after the most recent Federal Reserve Board meeting, Powell affirmed that asset purchases would end in March 2022, two months earlier than planned, and that once asset purchases ended, interest rates would increase. Any necessary adjustments to the FY 2023 projected average yield and revenue will be included in the FY 2023 Adopted Budget Plan, when more information will be available regarding the Fed's actions.

The following table shows the yield earned on investments since FY 2013.



Charges for Services

CHARGES FOR SERVICES

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$33,695,016	$57,104,738	$50,885,981	$58,506,226	$7,620,245	15.0%

The FY 2023 Advertised Budget Plan estimate for Charges for Services revenue of $58,506,226 reflects an increase of $7,620,245 or 15.0 percent over the *FY 2022 Revised Budget Plan*. This increase is primarily the result of projected increases in School-Age Child Care (SACC) revenues and fee revenue from various programs that were disrupted due to COVID-19 and are expected to recover in FY 2023.

During the *FY 2022 Mid-Year Review*, the FY 2022 estimate for Charges for Services was reduced a net $6.6 million. The largest reduction – $4.1 million – was associated with SACC revenues. Capacity for the program continues to be limited by the pandemic. Also, as a result of fee scale adjustments, more parents qualify for reduced rates. Other Charges for Services revenue categories were also adjusted, including Courthouse Maintenance and Security fee revenue, which was reduced by $1.3 million; Health Department revenue from Adult Day Health Care fees, General Medical Clinical fees and Lab Services fees, which were reduced by a net $2.4 million; Parking Garage fees, Library fees, and Employee Child Care fees were still down substantially compared to pre-pandemic levels and the revised FY 2022 estimates were reduced by a combined $0.7 million compared to the FY 2022 Adopted estimates. Partially offsetting these reductions, the *FY 2022 Mid-Year Review* included an increase of $1.0 million in projected County Clerk fees and $0.9 million in Emergency Medical Services (EMS) Transport fees based on actual collection trends year-to-date through October.

Recovered Costs/Other Revenue

RECOVERED COSTS / OTHER REVENUE

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$18,312,162	$15,526,944	$14,778,130	$17,014,267	$2,236,137	15.1%

The FY 2023 Advertised Budget Plan estimate for Recovered Costs/Other Revenue of $17,014,267 reflects an increase of $2,236,137 or 15.1 percent over the *FY 2022 Revised Budget Plan*. The increase is associated with a $1.5 million partial reimbursement for additional Public Health Nurses to staff one nurse in each Fairfax County Public School. These positions were initially funded in FY 2022 through the County's American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds allocation. In addition, an increase of $0.8 million is projected for the City of Fairfax Shared Governmental Expenses reimbursement in FY 2023.

During the *FY 2022 Mid-Year Review*, the revenue estimate for Recovered Costs/Other Revenue was decreased a net $0.7 million from the FY 2022 Adopted Budget Plan estimate. The decrease was primarily associated with adjusting the estimate for the City of Fairfax Shared Governmental Expenses reimbursement as a result of the reconciliation of the City's share of expenses based on actual utilization and expenses during FY 2021. In addition, revenue associated with recovered costs for operating the Adult Detention Center was also reduced as a result of lower population and the impact of the COVID-19 pandemic.

Revenue from the Commonwealth/Federal Government

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT[1]

FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	Increase/ (Decrease)	Percent Change
$253,962,109	$141,664,665	$143,116,142	$143,932,164	$816,022	0.6%

[1] Excludes Personal Property Taxes that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998. See the "Personal Property Tax - Current" heading in this section.

The FY 2023 Advertised Budget Plan estimate for Revenue from the Commonwealth and Federal Government of $143,932,164 reflects an increase of $816,022 or 0.6 percent over the *FY 2022 Revised Budget Plan*. The increase is primarily associated with partial reimbursement revenue for contract rate increase for the providers of mandated and non-mandated services.

The *FY 2022 Revised Budget Plan* estimate for Revenue from the Commonwealth and Federal Government was increased by $1.5 million over the FY 2022 Adopted Budget Plan estimate as a result of adjustments made during the *FY 2021 Carryover Review* associated with state and federal reimbursement funding for additional Public Assistance eligibility workers to address increased caseloads, as well as additional positions for Family First In-Home Services and Child Protective Services Mobile Unit. The revenue increase is fully offset by an expenditure increase for no net impact to the General Fund.

It should be noted that the actual FY 2021 revenue of $254.0 million shown in the table above reflects one-time revenue of $111 million, which the County received as federal stimulus from the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds.