

Department of Tax Administration

Mission

To uniformly and efficiently assess and collect County revenue, provide high-quality customer service, and promote an empowered, well-informed community.

Connection to the Countywide Strategic Plan

The Fairfax County Board of Supervisors adopted the first-ever Countywide Strategic Plan on October 5, 2021. The Countywide Strategic Plan serves as a road map to help guide future work, focusing on the 10 Community Outcome Areas that represent the issues of greatest importance to the community. The Department of Management and Budget continues to integrate the Countywide Strategic Plan into budget documents. For information on how the agency’s program performance contributes to these goals, please see the Performance Measurement Results by Community Outcome Area. For more information on the Countywide Strategic Plan, please see www.fairfaxcounty.gov/strategicplan/. The Department of Tax Administration primarily supports the following Community Outcome Area:



| Community Outcome Area | Vision Statement |
|---|--|
| Effective and Efficient Government | <i>All people trust that their government responsibly manages resources, is responsible to their needs, provides exceptional services and equitably represents them.</i> |

Focus

The Department of Tax Administration (DTA) assesses and collects taxes fairly and in accordance with relevant County and state codes. The department is composed of four main cost centers: Department Supervision; Real Estate; Personal Property and Business License; and Revenue Collection.

DTA is committed to maintaining a diverse workforce which combines to speak a total of 25 different languages. Such diversity allows the department to address equity actions as outlined in DTA’s One Fairfax Equity Impact Plan. In FY 2024, DTA will continue to focus on efforts to increase residents’ secure access to pertinent tax information. In FY 2016, DTA and the Department of Information Technology (DIT) launched the MyFairfax secure e-commerce web portal that allows taxpayers to directly access their own real estate and personal property tax accounts, including payment history. Residents can establish a secure online account through MyFairfax. This account enables residents to make tax payments, research accounts receivable information for current and past year taxes and register new properties for taxation. Once an account is established, residents can manage their tax information online, thereby decreasing the need to visit the Government Center or telephone the department for assistance. Throughout the pandemic, DTA continued to bolster its public outreach campaign to encourage residents to transact business online and over the phone. By doing so, DTA has seen a reduction in foot traffic and an 11 percent increase in online Personal Property tax transactions. Additionally, DTA has implemented an appointment software that will allow residents to make appointments online, using an app over the phone, and in-person. Although DTA has made measurable improvements, there is still significant work remaining in order to achieve a more robust digital presence. In November 2022, the Board of Supervisors supported the modernization of

DTA's infrastructure to improve customer service across the Board and DTA looks forward to the modernization of its processes for the next year and beyond.

DTA appraisers in the Real Estate cost center handle the assessment of all residential and commercial properties. The real estate taxes generated from assessments account for more than two-thirds of all General Fund revenue. In 2022, residential real estate in Fairfax County continued to experience a very strong sellers' market during the first six months of the year, as was the case throughout Northern Virginia and the U.S. With mortgage interest rates increasing by four to five percent over the course of the summer and into the fall, sales volume decreased significantly, inventories increased, and the rate of appreciation decelerated. However, by the end of calendar year 2022, home prices, on average, were still higher than they were 12 months prior. This is the primary basis for determining residential assessed values for tax year 2023 (FY 2024).

While the COVID-19 pandemic continued throughout 2022, its effects on daily life – and commercial real estate values – continued to abate. Apartments are again one of the strongest property types in the commercial sector, but value increases are slightly less robust than they have been for the past several assessment cycles. Industrial property values again saw gains as warehouse space continued to be in demand. Retail property also saw increases in value since many of the rent concessions made at the height of the pandemic have expired. Hotel properties in Fairfax County have started on the path back to normalcy, but, while they saw significant increases in value in 2022, these properties are still far below their pre-pandemic assessments. The one cloud on the commercial horizon is the high-rise office sector. These properties may continue to see a further reduction in assessed value as companies pivot to a hybrid (remote/office) work model that requires less office space.

In FY 2024, the Personal Property and Business License cost center will continue to identify businesses that have not registered with the County. Quality control efforts concerning the vehicle database and requirements under the Personal Property Tax Relief Act (PPTRA) continue to be high priorities in FY 2024. This cost center will also continue efforts to ensure all vehicles are properly registered with the County. The annual \$250 penalty and \$100 tax on all vehicles not properly displaying a current Virginia license plate is one tool that will continue to be used for this purpose. DTA will also continue its partnership with the Office of the Sheriff and the Police Department in reporting potential vehicle tax evaders. In tax year 2023, the Personal Property and Business License cost center will implement changes to enhance efficiencies and customer service to residents. Beginning January 1, 2023, DTA will auto-file vehicle owners' personal property tax filings using the Virginia Department of Motor Vehicles (DMV) database. In the past, Fairfax County residents were required to separately file purchased or moved-in vehicles with Fairfax County within 60 days or pay 10 percent penalty. This enhancement eliminates the 10 percent penalty for those who register with DMV in a timely manner and will increase efficiency and reduce the burden on residents. In addition, for the 2023 dog license year, DTA will outsource the dog licensing program to PetData, which will manage the daily operations of animal licensing. This will help to streamline the dog licensing program, resulting in better customer service. Effective November 2022, with assistance from the Department of Information Technology, a new module was integrated with the Tax and Business System (TABS) application, allowing the PPTRA Section to be more efficient, automated, and self-sufficient. Additionally, the PPTRA Section will implement a new County-wide database called OpenText. OpenText will streamline the process for obtaining documentation, maintaining records, and reducing paper content within the office.

The Personal Property and Business License cost center also staffs DTA's main telephone call center. Using a Call Management System (CMS), DTA's call center can track call volume and wait times. The CMS helps supervisors make better decisions about workflow more quickly. Additionally, the CMS affords DTA access to a reporting system that provides detailed statistics on staff performance. This information acts as a catalyst to encourage staff to stay focused and provide the best possible service. On average, the main call center runs slightly less than a two-minute wait for service. As call volume spikes at peak times during the year, other DTA divisions provide expansion capacity whereby staff can be immediately added to the call center to reduce wait time.

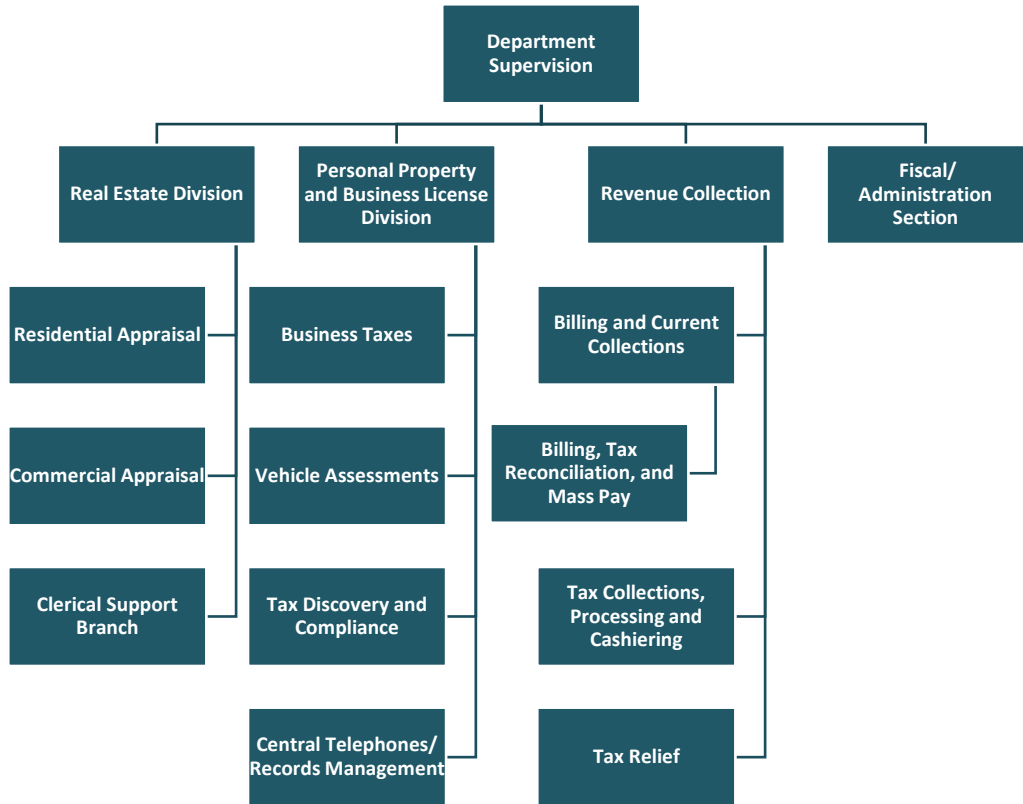
Staff in the Revenue Collection cost center work to ensure that current year collection rates are maintained, as this provides necessary revenue and helps minimize the amount of unpaid receivables accumulated over time. Collection work is a function of data accuracy (i.e., finding and contacting the property owner), as well as economic conditions. Along with other collection tools, delinquent tax accounts over 90 days old are outsourced to private collection agents, under the oversight and control of DTA. Assistance is also provided by the Fairfax County Police Department, which tows vehicles with outstanding parking tickets. Similarly, the Sheriff's Office executes boots and tows at the direction of this cost center.

As part of its collection oversight role, DTA has worked with agencies to standardize billing and collection activities. Additionally, the Revenue Collection cost center staffs the full-service cashiering counters at the Government Center, providing residents with a "one stop shopping" experience. When traffic at the Government Center is extremely heavy, employees from other cost centers are deployed to provide responsive customer service. DTA remains focused on leveraging technology and e-commerce to minimize walk-in traffic while promoting convenience, security, and ease of customer transactions.

The Tax Relief Outreach Program provides County residents with on-site assistance and eligibility information regarding tax relief. The Board approved a substantial expansion to the Tax Relief Program beginning January 1, 2022, with higher income and net worth limits. Further enhancements beginning January 1, 2023, include a new 75 percent tax relief bracket, a cap on the total taxes relieved, and an option to defer tax payments. The Tax Relief Program also assists disabled veterans and certain surviving spouses with state-mandated exemptions for real estate and personal property taxes.

Department of Tax Administration

Organizational Chart



Budget and Staff Resources

| Category | FY 2022 Actual | FY 2023 Adopted | FY 2023 Revised | FY 2024 Advertised |
|--|---------------------|---------------------|---------------------|---------------------|
| FUNDING | | | | |
| Expenditures: | | | | |
| Personnel Services | \$20,357,868 | \$24,102,400 | \$24,102,400 | \$25,061,891 |
| Operating Expenses | 7,294,716 | 6,031,493 | 6,820,301 | 6,431,493 |
| Total Expenditures | \$27,652,584 | \$30,133,893 | \$30,922,701 | \$31,493,384 |
| Income: | | | | |
| Land Use Assessment Application Fees | \$321 | \$792 | \$792 | \$792 |
| Fees for Collection of Delinquent Taxes | 1,622,220 | 1,927,281 | 1,949,092 | 2,007,482 |
| State Shared DTA Expenses | 2,034,950 | 1,954,848 | 2,128,221 | 2,234,632 |
| State Shared Retirement - DTA | 40,259 | 38,996 | 38,996 | 40,946 |
| Total Income | \$3,697,750 | \$3,921,917 | \$4,117,101 | \$4,283,852 |
| NET COST TO THE COUNTY | \$23,954,834 | \$26,211,976 | \$26,805,600 | \$27,209,532 |
| AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE) | | | | |
| Regular | 302 / 302 | 302 / 302 | 302 / 302 | 302 / 302 |

**FY 2024
Funding
Adjustments**

The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 program:

Employee Compensation \$959,491

An increase of \$959,491 in Personnel Services includes \$482,046 for a 2.00 percent market rate adjustment (MRA) for all employees and \$460,994 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2023. The remaining increase of \$16,451 is included to support employee retention and recruitment efforts that will reduce pay compression and align the County's pay structures with the market based on benchmark data.

Computer Assisted Mass Appraisal (CAMA) System \$400,000

An increase of \$400,000 is included in Operating Expenses for the increased cost of external hosting of the agency's Computer Assisted Mass Appraisal system. DTA uses this system for work related to annual reassessments of approximately 360,000 real property parcels in Fairfax County. It is also used by residents to view property values and transactional data.

**Changes to
FY 2023
Adopted
Budget Plan**

The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review and all other approved changes through December 31, 2022:

Carryover Adjustments \$788,808

As part of the FY 2022 Carryover Review, the Board of Supervisors approved encumbered funding of \$788,808 for the implementation of an updated Tax Relief System, postage, envelopes, and other computer and contractual services.

Cost Centers

The Department of Tax Administration is composed of four cost centers: Department Supervision, Real Estate, Personal Property and Business License, and Revenue Collection. These four cost centers work together to fulfill the mission of the department and carry out its key initiatives for the fiscal year.

Department Supervision

The Department Supervision cost center oversees all DTA operations and takes the lead in the department's strategic planning and implementation process. As necessary, resources are reallocated across cost center boundaries to ensure that taxes are properly billed, collection rates remain strong, and taxpayers receive responsive customer service. Increased automation and streamlining of operations have been implemented wherever possible to address the needs of County residents with fewer staff and budgetary resources.

| Category | FY 2022 Actual | FY 2023 Adopted | FY 2023 Revised | FY 2024 Advertised |
|--|----------------|-----------------|-----------------|--------------------|
| EXPENDITURES | | | | |
| Total Expenditures | \$3,157,182 | \$1,649,226 | \$2,339,931 | \$1,698,821 |
| AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE) | | | | |
| Regular | 11 / 11 | 11 / 11 | 14 / 14 | 14 / 14 |

Real Estate

The Real Estate cost center handles the assessment of all real estate taxes due to annual property value changes associated with appreciation/depreciation and value increases due to normal “growth” or construction. Virginia law requires that assessments be uniform and based on 100 percent of fair market value.

| Category | FY 2022 Actual | FY 2023 Adopted | FY 2023 Revised | FY 2024 Advertised |
|--|----------------|-----------------|-----------------|--------------------|
| EXPENDITURES | | | | |
| Total Expenditures | \$8,797,716 | \$11,167,112 | \$11,167,112 | \$11,988,987 |
| AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE) | | | | |
| Regular | 110 / 110 | 110 / 110 | 107 / 107 | 107 / 107 |

Personal Property and Business License

The Personal Property and Business License cost center is responsible for the assessment of personal property (including vehicles and business equipment), business license taxes, and a variety of local license taxes such as transient occupancy tax, short term daily rental tax and bank franchise tax. In addition, this cost center includes the department’s main call center that provides customer service support across cost center boundaries.

| Category | FY 2022 Actual | FY 2023 Adopted | FY 2023 Revised | FY 2024 Advertised |
|--|----------------|-----------------|-----------------|--------------------|
| EXPENDITURES | | | | |
| Total Expenditures | \$8,125,709 | \$8,611,825 | \$8,611,825 | \$8,923,668 |
| AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE) | | | | |
| Regular | 113 / 113 | 113 / 113 | 113 / 113 | 113 / 113 |

Revenue Collection

The Revenue Collection cost center is responsible for all billing, collection, and account reconciliation activities. Staff is split between counter operations, mail payment processing, deposit operations, and delinquent tax collection. The cost center handles well over 1.5 million billing transactions per year.

| Category | FY 2022 Actual | FY 2023 Adopted | FY 2023 Revised | FY 2024 Advertised |
|--|----------------|-----------------|-----------------|--------------------|
| EXPENDITURES | | | | |
| Total Expenditures | \$7,571,977 | \$8,705,730 | \$8,803,833 | \$8,881,908 |
| AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE) | | | | |
| Regular | 68 / 68 | 68 / 68 | 68 / 68 | 68 / 68 |

Position Detail

The FY 2024 Advertised Budget Plan includes the following positions:

| DEPARTMENT SUPERVISION - 14 Positions | | | |
|---|--------------------------------|----|-------------------------------|
| Department Administration | | | |
| 1 | Director of Tax Administration | 2 | Management Analysts I |
| 1 | Management Analyst IV | 1 | Administrative Assistant V |
| 1 | Management Analyst III | 1 | Administrative Assistant IV |
| 1 | Accountant III | | |
| Department Technical Section | | | |
| 1 | IT Program Manager I | 5 | Business Analysts IV |
| REAL ESTATE - 107 Positions | | | |
| 1 | Director of Real Estate | 1 | Management Analyst III |
| 3 | Assistant Directors | 1 | Administrative Assistant IV |
| Board of Equalization | | | |
| 1 | Administrative Assistant III | | |
| Residential Appraisal | | | |
| 8 | Supervising Appraisers | 19 | Appraisers II |
| 2 | Appraisers III | 25 | Appraisers I |
| Commercial Appraisal | | | |
| 5 | Supervising Appraisers | 13 | Appraisers II |
| 2 | Appraisers III | 3 | Appraisers I |
| Clerical Support Branch | | | |
| 1 | Management Analyst II | 4 | Administrative Assistants V |
| 2 | Management Analysts I | 13 | Administrative Assistants III |
| 3 | Administrative Assistants V | | |
| PERSONAL PROPERTY AND BUSINESS LICENSE - 113 Positions | | | |
| 1 | Director | 1 | Administrative Assistant IV |
| 2 | Assistant Directors | | |
| Vehicle Assessments | | | |
| 1 | Management Analyst II | 13 | Administrative Assistants IV |
| 3 | Administrative Assistants V | 5 | Administrative Assistants III |
| Tax Discovery and Compliance and Records Management | | | |
| 2 | Management Analysts II | 2 | Administrative Assistants III |
| 3 | Administrative Assistants V | 2 | Administrative Assistants I |
| 14 | Administrative Assistants IV | | |
| Central Telephones | | | |
| 1 | Management Analyst II | 15 | Administrative Assistants IV |
| 4 | Administrative Assistants V | | |
| Business Taxes | | | |
| 1 | Auditor Manager | 15 | Business Tax Specialists II |
| 8 | Auditors III | 1 | Administrative Assistant V |
| 2 | Auditors II | 7 | Administrative Assistants IV |
| 1 | Management Analyst III | 8 | Administrative Assistants III |
| 1 | Management Analyst II | | |

| REVENUE COLLECTION - 68 Positions | | | |
|--|-----------------------------|----|-------------------------------|
| 1 | Director | 1 | Administrative Assistant IV |
| 1 | Assistant Division Director | | |
| Delinquent Tax Collections, Processing, and Cashiering | | | |
| 1 | Management Analyst III | 6 | Administrative Assistants V |
| 4 | Management Analysts II | 25 | Administrative Assistants IV |
| Billing, Taxes Reconciliation, and Mass Pay | | | |
| 1 | Management Analyst III | 1 | Administrative Assistant IV |
| 2 | Management Analysts II | 10 | Administrative Assistants III |
| 4 | Administrative Assistants V | | |
| Tax Relief | | | |
| 1 | Management Analyst III | 1 | Communications Specialist II |
| 2 | Management Analysts II | 3 | Tax Specialists I |
| 1 | Management Analyst I | 3 | Administrative Assistants IV |

Performance Measurement Results by Community Outcome Area

Effective and Efficient Government

In accordance with DTA's strategic plan to promote taxpayer empowerment and more convenient access to information, performance measures have been developed to assess e-commerce efforts. The tremendous growth in the use of technology has resulted in significant efficiencies for both the public and DTA staff. The 24/7 e-commerce transactions include e-mails to DTA, online vehicle registrations, automated tax evader tips, e-check payments, and online credit card payments. In FY 2022, the department processed over 680,000 e-commerce transactions totaling over \$913 million dollars.

FY 2022 data indicate an assessment-to-sales ratio of 95.1 percent. This was well within the target of the mid-90 percent range and reflects the department's assessment of real estate at fair market value. Further evidence of DTA's fair and equitable assessment practices is found in the low coefficient of dispersion of 3.6 in FY 2022. A low coefficient indicates that similar properties are assessed uniformly and, hence, equitably. A coefficient of 15 is considered good, while actual values indicate excellent uniformity.

In FY 2022, the cost per dollar of Personal Property and BPOL levy was \$0.01, consistent with the target, and exonerations were 3.4 percent of the total tax levy. Exonerations occur after a record has been assessed and levied. Although some level of records will always change after the fact due to prorating, the objective is to bill records correctly the first time and minimize subsequent adjustments. Exonerations of no more than 5 percent indicate excellent billing practices. In FY 2023 and FY 2024, exonerations are projected to be at the 3.5 percent benchmark.

Collection rates remain strong in all tax categories, as well as the collection of unpaid parking tickets. The collection rate for real estate taxes was 99.67 percent in FY 2022, reflecting a superb collection effort by the Revenue Collection cost center. The vehicle portion of the Personal Property Tax is composed of two parts, that which is paid by residents 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). The local collection rate for personal property tax was 96.87 percent in FY 2022. A collection rate of 98.13 percent was achieved for Business, Professional and Occupational License taxes in FY 2022. DTA will continue to work diligently to maintain high collection rates.

Department of Tax Administration

| Community Outcome Area | FY 2020 Actual | FY 2021 Actual | FY 2022 Estimate | FY 2022 Actual | FY 2023 Estimate | FY 2024 Estimate |
|---|----------------|----------------|------------------|----------------|------------------|------------------|
| Effective Technology and Quality Facilities | | | | | | |
| Financial Sustainability and Trustworthiness | | | | | | |
| Coefficient of Dispersion | 3.1 | 3.2 | 3.5 | 3.6 | 3.5 | 3.5 |
| Exonerations as a percent of total assessments | 3.4% | 3.2% | 3.5% | 3.4% | 3.5% | 3.5% |
| Percent of current year taxes collected: Real Estate | 99.75% | 99.66% | 99.50% | 99.67% | 99.65% | 99.65% |
| Percent of current year taxes collected: Personal Property ¹ | 97.57% | 96.44% | 97.60% | 96.87% | 97.60% | 97.60% |
| Percent of current year taxes collected: BPOL | 98.89% | 97.53% | 98.50% | 98.13% | 98.50% | 98.50% |
| Percent of unpaid accounts receivable collected | 36% | 36% | 36% | 36% | 36% | 36% |
| Percent variance between estimated and actual revenues | 0.1% | 0.2% | 0.5% | 0.1% | 0.5% | 0.5% |
| Customer Satisfaction with County Services | | | | | | |
| Percentage of phone calls answered | 96.0% | 96.2% | 93.0% | 93.1% | 95.0% | 95.0% |
| Effective Technology and Quality Facilities | | | | | | |
| Percent change in 24/7 e-commerce transactions | 6.0% | 7.4% | 0.7% | 1.1% | 4.0% | 4.0% |

¹ The percent of current year taxes collected: Personal Property reflects the local collection rate associated with the taxpayers' share of the Personal Property tax.

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2024-advertised-performance-measures-pm>