



FAIRFAX COUNTY DEPARTMENT OF MANAGEMENT AND BUDGET

News Release

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April 25, 2005

Fairfax County Board of Supervisors Adopts Fiscal Year 2006 Budget *Cuts Real Estate Tax Rate by 13 Cents For a Four-Year Total Cut of 23 Cents*

On April 25, 2005, the Fairfax County Board of Supervisors adopted the fiscal year 2006 budget, which begins on July 1, 2005. Last Monday, April 18, 2005, the Board marked-up the budget proposal. Today's action meant that they formally adopted last week's "mark-up." To address the continuing trend of rising assessments, the Board reduced the real estate tax rate for the fourth consecutive year, cutting another 13 cents from the rate to bring the cumulative decrease to 23 cents over four years. The current rate will decrease from \$1.13 per \$100 assessed value to \$1.00 per \$100 assessed value for fiscal year 2006, which surpasses the previous low of \$1.11 per \$100 of assessed value in fiscal year 1992. In addition, the Board of Supervisors emphasized that their funding decisions reflect their commitment to achieving the following strategic priorities:

- Strong investment in education
- Public safety and gang prevention
- Affordable housing
- Environmental protection
- Transportation improvements
- Revenue diversification to reduce the burden on the homeowner

The fiscal year 2006 budget approved by the Board on April 25, 2005 is a fiscal plan that includes the collection and expenditure of \$5.1 billion including the General Fund and all other appropriated funds. The fiscal year 2006 plan provides a balanced budget including General Fund Disbursements of \$3.0 billion, an increase of \$162.7 million or 5.7 percent over the fiscal year 2005 budget estimate. General Fund Disbursements include General Fund Direct Expenditures of \$1.1 billion, an increase of \$30.0 million or 2.9 percent over the fiscal year 2005 estimate.

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The largest increase in the fiscal year 2006 budget over the fiscal year 2005 level is associated with the transfers to the Fairfax County Public Schools (FCPS). The transfers to FCPS for operations and debt service total \$1.56 billion, an increase of \$112.72 million over fiscal year 2005, which represents approximately 52 percent of total General Fund Disbursements. The increase in the transfer to the School Operating Fund is 8.24 percent, while the School Debt Service transfer is increased 2.97 percent based on the anticipated sale of \$130 million of bonds for new school construction and renewals.

With a real estate tax rate of \$1.00 per \$100 of assessed value, the typical household will pay \$4,447.66, an increase of \$364.59 annually or \$30.38 per month more than the fiscal year 2005 bill. This is \$578.20 less than the typical household would have paid had the Board not reduced the real estate tax rate by 13 cents. As a result of the cumulative 23-cent reduction in the tax rate, the typical household will have paid \$1,664.55 less in real estate taxes in fiscal year 2006 than they would have without the tax relief of the last four years. The Board of Supervisors had previously advertised and conducted public hearings on April 4, 5 and 6, 2005 to obtain input on the fiscal year 2006 budget including the following tax and fee adjustments:

- Approval of an increase in the E-911 fee from \$2.50 per line per month to the state maximum of \$3.00 per line per month in order to recover a greater percentage of expenses allowed by state code.
- Approval of an increase in fees charged for all zoning applications, appeals and zoning compliance letters. The Board approved amendments to the Zoning Ordinance that will increase fees by up to 55 percent, which would result in a 50 percent recovery of those costs incurred by staff of the Department of Planning and Zoning involved in processing zoning applications, appeals and zoning compliance letters. The fee increase, which will be generally comparable to the fees charged by similar local jurisdictions, will be effective on July 1, 2005 and will generate approximately \$652,976 in additional revenue each year.
- Approval of the fiscal year 2006 sewer service charge rate of \$3.28 per 1,000 gallons, which is an increase over the fiscal year 2005 service charge of \$3.20 per 1,000 gallons.
- Approval of an increase in the sewer availability fee for single-family residences from \$5,621 in fiscal year 2005 to \$5,874 in fiscal year 2006.
- Approval of an increase in the annual service fee from \$240 to \$270 per unit for approximately 40,000 customers who are in Sanitary Refuse Collection Districts that receive County refuse collection service.
- Approval of the FY 2006 – FY 2010 Capital Improvement Program (with future fiscal years to 2015) as amended on April 18, 2005.

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It should also be noted that on April 4, 2005, the Board of Supervisors approved an increase in land development fees, which had not been adjusted since fiscal year 1991, as well as site review and inspection fees that had not changed since 1996, resulting in a cost recovery rate of approximately 75 percent, considerably below the Board of Supervisors' target rate of 90 percent. In fiscal year 2006, Fairfax County will begin realigning its fee structure to recover approximately 90 percent of program costs. These fee adjustments will be phased in over two years and are projected to generate an additional \$4.2 million in General Fund revenue in fiscal year 2006 and an additional \$1.4 million in fiscal year 2007.

Information on the fiscal year 2006 Budget Plan, including revisions made during the April 18 Budget Mark-up session, is available by calling the Department of Management and Budget at 703-324-2391 and on the County's Web site at www.fairfaxcounty.gov/dmb.

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