

# SUMMARY OF GENERAL FUND REVENUE

## SUMMARY OF GENERAL FUND REVENUE AND TRANSFERS IN

Category	FY 2023 Actual	FY 2024 Revised Budget Plan as of FY 2023 Carryover	FY 2024 Fall Estimate <sup>1</sup>	FY 2024 Third Quarter Budget Estimate	Change from the FY 2024 Fall Estimate	
					Increase/ Decrease	Percent Change
Real Estate Taxes - Current & Delinquent	\$3,219,286,874	\$3,372,250,645	\$3,377,500,645	\$3,377,500,645	\$0	0.0%
Personal Property Taxes - Current & Delinquent <sup>2</sup>	\$770,964,756	\$737,455,015	\$748,307,017	\$748,307,017	0	0.0%
Other Local Taxes	\$609,266,024	\$608,008,172	\$609,246,843	\$609,246,843	0	0.0%
Permits, Fees and Regulatory Licenses	\$9,839,241	\$9,835,922	\$9,788,910	\$9,788,910	0	0.0%
Fines and Forfeitures	\$7,873,896	\$7,476,019	\$8,272,926	\$8,380,710	107,784	1.3%
Revenue from Use of Money/Property	\$118,639,690	\$126,702,223	\$156,635,315	\$156,635,315	0	0.0%
Charges for Services	\$62,976,188	\$63,309,540	\$67,566,065	\$67,566,065	0	0.0%
Revenue from the Commonwealth and Federal Government <sup>2</sup>	\$154,657,550	\$155,300,858	\$155,300,858	\$155,679,257	378,399	0.2%
Recovered Costs/ Other Revenue	\$19,823,365	\$17,419,244	\$18,234,080	\$18,234,080	0	0.0%
<b>Total Revenue</b>	<b>\$4,973,327,584</b>	<b>\$5,097,757,638</b>	<b>\$5,150,852,659</b>	<b>\$5,151,338,842</b>	<b>486,183</b>	<b>0.0%</b>
Transfers In	19,712,936	9,864,707	9,864,707	9,864,707	0	0.0%
<b>Total Receipts</b>	<b>\$4,993,040,520</b>	<b>\$5,107,622,345</b>	<b>\$5,160,717,366</b>	<b>\$5,161,203,549</b>	<b>486,183</b>	<b>0.0%</b>

<sup>1</sup> FY 2024 revenue estimates were increased a net \$53.1 million as part of the fall 2023 review of revenues.

<sup>2</sup> 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.

Total receipts, including Transfers In, are estimated at \$5,161,203,549 and reflect a net increase of \$486,183, or 0.01 percent, over the FY 2024 fall estimate. This increase is the result of a \$107,784 increase in Fines and Forfeitures associated with additional revenues generated from the Photo Speed Enforcement Program, and a net increase of \$378,399 in Revenue from the Commonwealth and Federal Government.

FY 2024 revenue estimates were increased a net \$53.1 million in a number of revenue categories as part of the fall 2024 revenue review prior to the Third Quarter Review during the development of the FY 2025 budget. These adjustments were based on actual FY 2023 receipts and collections through the first several months of FY 2024. Revenue changes made during the fall revenue review are discussed throughout this Attachment. Any impact to FY 2025 revenue estimates from these FY 2024 fall adjustments is already included in the FY 2025 Advertised Budget Plan.

The FY 2024 Third Quarter revenue estimates are based on revenue collections through the end of February 2024. Because many revenue categories are sensitive to economic conditions, there is the potential that actual receipts may deviate from the revenue estimates included in this Attachment. It should be noted that

### ***FY 2024 Third Quarter Review***

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little actual information is available concerning Business, Professional, and Occupational License (BPOL) Taxes, since filings and payments are not due until March 1, with additional time required to process returns. In addition, revenue from the Bank Franchise Tax is not received until late May or early June so there is no information currently available to help estimate FY 2024 receipts. All revenue categories are closely monitored with respect to collections and the effects of changes in economic activity. Any necessary FY 2024 and FY 2025 revenue adjustments will be included in the Add-On Review.

### REAL ESTATE TAX-DELINQUENT

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$15,257,870	\$10,035,360	\$15,285,360	\$15,285,360	\$0	0.0%

The *FY 2024 Third Quarter Review* estimate for Delinquent Real Estate Tax of \$15,285,360 reflects no change from the FY 2024 fall revenue estimate. The FY 2024 Delinquent Real Estate Tax estimate was increased \$5.3 million during the fall 2023 revenue review based on actual FY 2023 collections and year-to-date receipts in FY 2024. The FY 2024 estimate reflects a 0.2 percent increase over the FY 2023 level.

### PERSONAL PROPERTY TAX-CURRENT

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$738,514,812	\$716,190,154	\$721,292,156	\$721,292,156	\$0	0.0%

The *FY 2024 Third Quarter Review* estimate for Current Personal Property Taxes of \$721,292,156 reflects no change from the FY 2024 fall revenue estimate and represents a decrease of 2.3 percent from the FY 2023 level. The FY 2024 estimate was increased \$5.1 million during the fall 2023 revenue review based on final Public Service Corporation assessments by the Commonwealth of Virginia and higher than projected vehicle and business tax levies. FY 2024 Personal Property Tax receipts are projected to decline 2.3 percent primarily as a result of a projected 4.3 percent decrease in the average vehicle tax levy. The vehicle volume in FY 2024 is projected to increase 2.9 percent after declining 2.3 percent in FY 2023. It should be noted that in FY 2024, a 90-percent assessment ratio for vehicles was used to partially offset the unprecedented increase in car values primarily due to pandemic related supply chain disruptions and shortages of computer chips. Normally, vehicles are assessed at 100 percent of the trade-in value.

### PERSONAL PROPERTY TAX-DELINQUENT

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$32,449,943	\$21,264,861	\$27,014,861	\$27,014,861	\$0	0.0%

The *FY 2024 Third Quarter Review* estimate for Delinquent Personal Property Tax of \$27,014,861 reflects no change from the FY 2024 fall revenue estimate. The FY 2024 Delinquent Personal Property Tax estimate was increased \$5.8 million during the fall 2023 revenue review based on actual FY 2023 collections and year-to-date receipts in FY 2024. The FY 2024 estimate reflects a 16.7 percent decrease from the FY 2023 level.

### *FY 2024 Third Quarter Review*

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### LOCAL SALES TAX

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$240,066,648	\$247,849,578	\$243,988,880	\$243,988,880	\$0	0.0%

The *FY 2024 Third Quarter Review* estimate for Sales Tax of \$243,988,880 reflects no change from the FY 2024 fall revenue estimate. During the fall 2023 revenue review, the FY 2024 estimate was decreased a total of \$3.9 million based on actual FY 2023 collections and year-to-date receipts, representing a projected increase of 1.6 percent over the FY 2023 level. As the economic boost from the federal COVID stimulus begins to wane, Sales Tax collections are expected to slow in FY 2024 relative to the previous year's growth rate. Through February 2024, Sales Tax receipts are up only 0.1 percent.

### BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$195,040,792	\$191,720,120	\$197,971,425	\$197,971,425	\$0	0.0%

The *FY 2024 Third Quarter Review* estimate for Business, Professional and Occupational License (BPOL) Tax of \$197,971,425 reflects no change from the FY 2024 fall revenue estimate. Based on actual FY 2023 receipts and an econometric model using calendar year Sales Tax receipts and employment as predictors, the FY 2024 BPOL estimate was increased \$6.3 million during the fall 2023 revenue review, representing an increase of 1.5 percent over FY 2023. Since nearly all County businesses file and pay their BPOL taxes on March 1 each year based on their gross receipts during the previous calendar year, there is limited actual data available at this time to help estimate FY 2024 BPOL receipts. Therefore, the FY 2024 BPOL estimate has not been adjusted further during the Third Quarter review.

### RECORDATION/DEED OF CONVEYANCE TAXES

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$27,817,612	\$27,632,106	\$22,964,570	\$22,964,570	\$0	0.0%

The *FY 2024 Third Quarter Review* estimate for Deed of Conveyance and Recordation Taxes of \$22,964,570 represents no change from the FY 2024 fall revenue estimate. Recordation and Deed of Conveyance Taxes are paid when homes are sold. Recordation taxes are also paid when homes are refinanced. FY 2023 receipts declined a combined 40.2 percent because of significantly lower refinancing activity and fewer home sales associated with elevated mortgage rates. As the 30-year mortgage rates reached 8 percent in the fall of 2023, the highest level since 2000, FY 2024 receipts continued to decline and were down 21.0 percent through the end of December 2023 compared to the same period in FY 2023. Based on actual FY 2023 receipts and collection trends, the Deed of Conveyance Tax estimate was decreased \$1.1 million during the fall 2023 revenue review, reflecting a decrease of 16.1 percent from the FY 2023 level. The FY 2024 estimate for Recordation Tax was decreased \$3.6 million and reflects a decrease of 17.9 percent compared to FY 2023 as a result of decreasing volume of mortgage refinancing activity.

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### TRANSIENT OCCUPANCY TAX

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$22,259,139	\$23,077,522	\$23,550,000	\$23,550,000	\$0	0.0%

The *FY 2024 Third Quarter Review* estimate for Transient Occupancy Tax of \$23,550,000 reflects no change from the FY 2024 fall revenue estimate and represents an increase of 5.8 percent over the FY 2023 level. As part of the fall 2023 revenue review, the FY 2024 estimate was increased by \$0.5 million based on actual FY 2023 receipts and year-to-date collection trends. FY 2023 collections were back to near pre-pandemic level. Collections have continued to trend higher and are up over 13.5 percent through February 2024. Based on January 2024 data from the Virginia Tourism Corporation, hotel occupancy and average daily room rates in Fairfax continued trending higher compared to January 2023.

### PERMITS, FEES AND REGULATORY LICENSES

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$9,839,241	\$9,835,922	\$9,788,910	\$9,788,910	\$0	0.0%

The *FY 2024 Third Quarter Review* estimate for Permits, Fees, and Regulatory Licenses of \$9,788,910 represents no change from the FY 2024 fall estimate. During the fall 2023 revenue review, the FY 2023 estimate was decreased a net \$47,012 based on actual FY 2023 collections and year-to-date receipts.

### FINES AND FORFEITURES

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$7,873,896	\$7,476,019	\$8,272,926	\$8,380,710	\$107,784	1.3%

The *FY 2024 Third Quarter Review* estimate for Fines and Forfeitures of \$8,380,710 represents an increase of \$107,784, or 1.3 percent, over the FY 2024 fall revenue estimate. The increase is associated with additional revenue generated from the Photo Speed Enforcement Program. The program was initiated in 2023 per the Board of Supervisors' ordinance change to allow for the use of photo speed monitoring devices in highway work zones and school crossing zones.

During the fall 2023 revenue review, the FY 2024 estimate for Fines and Forfeitures revenue was increased a net \$0.8 million. General District Court Fines revenue was up 25.5 percent through December 2023 and the revised FY 2024 estimate was increased by \$0.8 million. Alarm Ordinance Violations revenue was down 24.8 percent through December 2023 and the revised FY 2024 estimate was reduced by \$0.1 million. In addition, several other Fines and Forfeitures revenue categories have recovered from the negative pandemic impact and were adjusted as part of the fall 2023 revenue review.

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### CHARGES FOR SERVICES

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$62,976,188	\$63,309,540	\$67,566,065	\$67,566,065	\$0	0.0%

The *FY 2024 Third Quarter Review* estimate for Charges for Services of \$67,566,065 represents no change from the FY 2024 fall estimate. During the fall 2023 revenue review, the FY 2024 estimate was increased a net \$4.3 million based on actual FY 2023 revenue collections and year-to-date receipts. The Emergency Medical Services (EMS) Transport fees revenue estimate was increased by \$0.4 million, and SACC fees estimate was increased by \$3.3 million. Partially offsetting these increases is a decrease of \$0.3 million in projected County Clerk fees based on collection trends.

### INVESTMENT INTEREST

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$116,296,231	\$124,501,922	\$154,435,014	\$154,435,014	\$0	0.0%

The *FY 2024 Third Quarter Review* estimate for Investment Interest of \$154,435,014 reflects no change from the FY 2024 fall revenue estimate. Revenue from Interest on Investments is highly dependent on Federal Reserve actions. In 2022, the Fed pivoted toward tighter monetary policy in the face of persistently high inflation and a tight labor market and raised the Fed funds rate at an unprecedented pace. With the last interest hike in summer 2023, the Fed moved the rate to a 5.25-5.50 percent range, which is the highest level since early 2001. As a result of these actions, the County generated substantially higher Investment Interest earnings on its portfolio investments in FY 2023, earning \$116.3 million with a yield of 3.03 percent, which is an increase of \$99.1 million compared to FY 2022.

With moderating inflation, the Fed has kept the Fed funds rate unchanged since August 2023. It appears that currently the Fed is waiting for more data on inflation and the labor market to determine when to dial back its restrictive monetary policy and commence rate cuts sometime during calendar year 2024. The FY 2024 revenue estimate was increased a net \$29.9 million as part of the fall 2023 revenue review. The FY 2024 revised estimate of \$154.4 million reflects an increase of \$38.1 million over the FY 2023 level based on a projected average yield of 4.15 percent.

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### REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT<sup>1</sup>

FY 2023 Actual	FY 2024 Revised as of FY 2023 Carryover	FY 2024 Fall Estimate	FY 2024 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$154,657,550	\$155,300,858	\$155,300,858	\$155,679,257	\$378,399	0.2%

<sup>1</sup> 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 2024 Third Quarter Review* estimate for Revenue from the Commonwealth and Federal Government of \$155,679,257 reflects a net increase of \$378,399, or 0.2 percent over the FY 2024 fall revenue estimate. An increase of \$0.9 million is anticipated from the Commonwealth for reimbursement of costs associated with the March 2024 Presidential Primary. An increase of \$0.5 million in revenue is the result of federal funding for mandated Refugee Assistance Program for Afghan evacuees who have settled in Fairfax County. The Public Assistance and Employment Services division in the Department of Family Services processes public assistance applications for refugees and works with local refugee resettlement agencies. The revenue increase is offset by a \$0.5 million expenditure increase, for no net impact to the General Fund. In addition, an increase of \$0.1 million is associated with additional Community Services Block Grant funding received from the state in FY 2024.

The increases are partially offset by a decrease of \$1.1 million in state funding for mandated Children's Services Act services based on the projected FY 2024 costs, which are dependent on the number of youth served and the complexity of services provided. The revenue decrease is offset by a \$2.2 million expenditure decrease for a net savings of \$1.1 million to the General Fund.