General Fund Revenue Overview

Summary of General Fund Revenue and Transfers In

Category	FY 2023 Actual	FY 2024 Adopted Budget Plan	FY 2024 Revised Budget Plan[1]	FY 2025 Advertised Budget Plan	FY 2025 Adopted Budget Plan	Change from Advertised Increase/ (Decrease)	Change from Advertised % Change
Real Estate Taxes - Current and Delinquent	$3,219,286,874	$3,372,250,645	$3,377,500,645	$3,606,167,233	$3,574,204,859	($31,962,374)	(0.9%)
Personal Property Taxes - Current and Delinquent[2]	770,964,756	737,455,015	748,307,017	812,668,437	812,311,989	(356,448)	(0.0%)
Other Local Taxes	609,266,024	608,008,172	609,246,843	620,601,783	622,131,783	1,530,000	0.2%
Permits, Fees and Regulatory Licenses	9,839,241	9,835,922	9,788,910	12,654,661	11,430,461	(1,224,200)	(9.7%)
Fines and Forfeitures	7,873,896	7,476,019	8,380,710	8,513,504	9,214,101	700,597	8.2%
Revenue from Use of Money/Property	118,639,690	126,702,223	156,635,315	155,012,512	166,146,069	11,133,557	7.2%
Charges for Services	62,976,188	63,309,540	67,566,065	69,058,078	69,024,437	(33,641)	(0.0%)
Revenue from the Commonwealth and Federal Government[2]	154,657,550	155,300,858	155,679,257	155,453,973	158,147,212	2,693,239	1.7%
Recovered Costs / Other Revenue	19,823,365	17,419,244	18,234,080	20,363,644	20,363,644	0	0.0%
Total Revenue	**$4,973,327,584**	**$5,097,757,638**	**$5,151,338,842**	**$5,460,493,825**	**$5,442,974,555**	**(17,519,270)**	**(0.3%)**
Transfers In	19,712,936	9,864,707	9,864,707	10,344,474	10,344,474	0	0.0%
Total Receipts	**$4,993,040,520**	**$5,107,622,345**	**$5,161,203,549**	**$5,470,838,299**	**$5,453,319,029**	**(17,519,270)**	**(0.3%)**

[1] FY 2024 revenue estimates were increased a net $53.6 million as part of the fall 2023 revenue review and the *FY 2024 Third Quarter Review*. Explanations of these changes can be found in the following narrative.

[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.

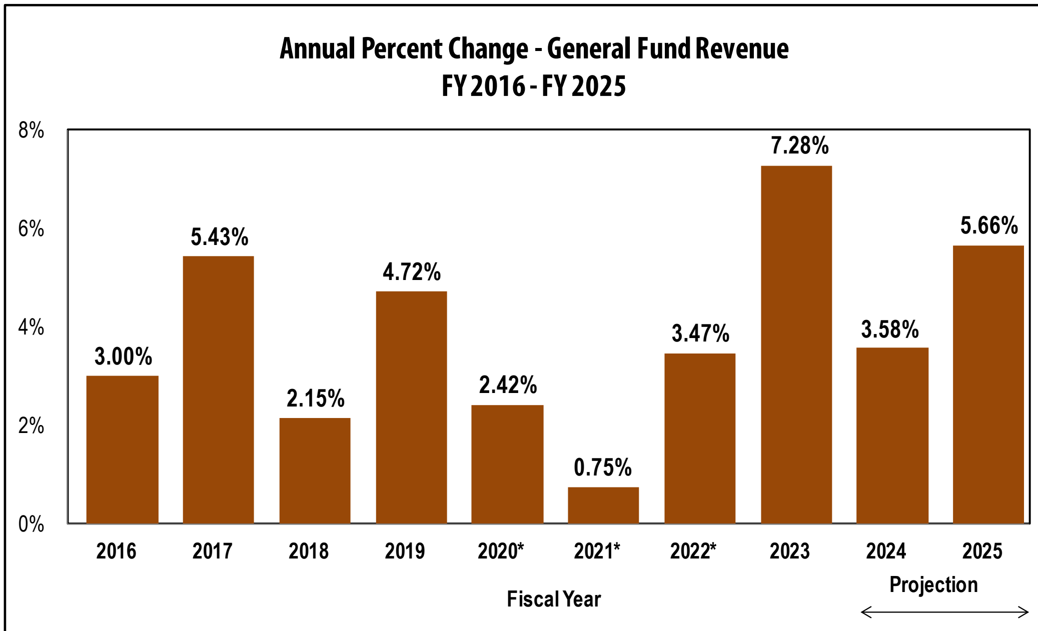
As reflected in the preceding table, FY 2025 General Fund revenues are projected to be $5,442,974,555, a decrease of $17,519,270 or 0.3 percent from the FY 2025 Advertised Budget Plan. The decrease is primarily the result of the adoption of a Real Estate tax rate of $1.125 per $100 of assessed value, a one-cent reduction from the advertised rate of $1.135. In addition, as a result of actions taken by the Board of Supervisors, several of the proposed FY 2025 fee increases, including those by the Department of Planning and Development (DPD), the Office of the Fire Marshal, and senior center membership fees will be phased in over a two-year period, resulting in a 50 percent reduction from the increases as originally proposed in the FY 2025 Advertised Budget Plan. The decreases were partially offset by revised revenue projections in Transient Occupancy Tax, Investment Interest, and Revenue from the Commonwealth. These adjustments are fully described in the following pages.

The FY 2025 General Fund revenue reflects an increase of $291,635,713 or 5.7 percent over the *FY 2024 Revised Budget Plan*, which contains the latest FY 2024 revenue estimates, and an increase of $345,216,917 or 6.8 percent over the FY 2024 Adopted Budget Plan. FY 2024 revenue estimates were increased a net $53,581,204 since the adoption of the FY 2024 Adopted Budget Plan, primarily as a result of higher than projected Investment Interest revenue. The revenue increase in FY 2025 is primarily due to an increase of $196.7 million, or 5.8 percent, in Real Estate Tax revenue as a result of a 2.73 percent rise in the Real Estate assessment base, as well as a 3-cent increase in the adopted Real Estate tax rate from $1.095 per $100 of assessed value in FY 2024 to $1.125 in FY 2025. It should be noted that Real Estate tax revenue reflects the allocation of the projected value of one penny of the Real Estate tax rate ($32.32 million) to Fund 30300, Affordable

Housing Development and Investment. In addition, Personal Property Tax revenue is projected to increase $64.0 million, or 8.6 percent, based on the projected full market vehicle assessed values in FY 2025. In FY 2024, a discounted 90-percent vehicle assessment ratio was used. Other Local Taxes are expected to increase $12.9 million, or 2.1 percent, on projected growth in Local Sales Tax, Business, Professional, and Occupational License Tax, and Transient Occupancy Tax.

Incorporating Transfers In, FY 2025 General Fund receipts are anticipated to be $5,453,319,029. The Transfers In to the General Fund total $10.3 million and reflect $2.3 million from Fund 40030, Cable Communications, $3.4 million from Fund 69010, Sewer Operation and Maintenance, $1.6 million from Fund 40100, Stormwater Services, and $3.0 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 2016. Revenues rose at an average annual growth rate of 4.1 percent in the period from FY 2016 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 American Rescue Plan Act (ARPA) federal revenue, actual FY 2021 revenue reflected an increase of 0.75 percent over FY 2020. In FY 2022, General Fund revenues increased 3.47 percent, excluding the impact of the additional ARPA revenue of $111 million that the County received from the federal government. In FY 2023, actual General Fund revenue increased 4.76 percent. Excluding the impact of ARPA revenue of $111 million received in FY 2022, the General Fund revenue in FY 2023 increased 7.28 percent. In FY 2024, it is projected to increase 3.58 percent, followed by an increase of 5.66 percent in FY 2025.



* Excludes the 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 both FY 2021 and FY 2022.

Economic Indicators

Overall, in 2023, the economy grew at a rate of 2.5 percent compared to an increase of 1.9 percent in 2022. During the first quarter of 2024, real Gross Domestic Product (GDP) increased a sluggish 1.6 percent. The labor market remained resilient despite the impact of higher interest rates with payroll growth averaging 255,000 jobs per month in 2023. However, the pace of job growth has slowed in the first few months of 2024. In April, 175,000 jobs were added, lower than the average monthly gain of 242,000 jobs over the prior 12 months. This was the slowest gain in six months. The unemployment rate climbed to 3.9 percent as of April 2024, a 0.5 percentage point increase from a year ago. Wage growth has been cooling too, relieving some concerns of a wage-inflation spiral. In April, real average hourly earnings for all employees decreased by 0.2 percent, following a 0.3 percent decrease in February and remaining flat in March. Economists noted that despite April's softer than anticipated jobs report, other data including unemployment insurance claims did not suggest material weakening of the labor market.

While inflation has moderated significantly, recent data in the past few months has raised concerns about the likelihood of the Fed successfully bringing it down to its target level of 2 percent and the possibility of longer period of tightening monetary policy. In May, the Federal Reserve maintained the benchmark interest rate at the current target range of 5.25 to 5.5 percent. Since the summer of 2023, the central bank has opted to hold rates steady. The Fed has indicated that policymakers will wait for continued evidence that inflation has been stabilized on a sustained basis before it will be appropriate to begin the easing cycle to avoid any damage to the economy. Notably, it has not ruled out the possibility of further rate hikes if inflation became more aggressive. In April 2024, the year-over-year increase in the Consumer Price Index (CPI) was 3.4 percent, down considerably from the April 2023 rate of 4.9 percent. The latest core Personal Consumption Expenditures (PCE) price index, the Fed's preferred gauge of underlying inflation, also moderated in April, marking the smallest month-over-month growth of the year. Core PCE increased 2.8 percent compared to a year ago, and inflation adjusted consumer spending dropped unexpectedly 0.1 percent from a month ago. The data might further provide the Federal Reserve with evidence for an eventual reduction in interest rates later this year.

Overall, while in 2022 the consensus view among economists was for what many called "the most anticipated recession in history," the prospect of moderating inflation and a continued robust labor market still suggests that the Federal Reserve could achieve a coveted "soft landing" for the economy.

Despite a significant jump in mortgage rates, U.S. housing prices were also surprisingly resilient in 2023 and remained robust in the first few months of 2024. Mortgage rates were on an upward trend for most of 2023, reaching a 23-year high of over 8 percent in October. Rates declined from November 2023 to January 2024 primarily due to market expectations of interest rate cuts by the Federal Reserve coupled with moderating inflationary pressures. However, the uptick trend for mortgage rates resumed in February 2024 as the Fed scaled back its forecast for interest rate cuts citing a lack of further progress in their battle to curtail price increases. The average 30-year mortgage rate stood at 7 percent in May. While the number of total annual home sales was the lowest since 2012, home prices remained strong in 2023 as a result of very low inventory of houses for sale, along with generally stable demand due to new household formation. The Case-Shiller 20-City Composite Home Price Index, a widely followed measure of U.S. home prices, hit a new all-time high and posted a year-over-year increase of 7.4 percent in April. The momentum for the housing market in the first few months of 2024 appears poised to see more price appreciation, with some recovery in the number of home sales as well.

In terms of the local economy, the number of jobs in Northern Virginia grew at a rate of 2.0 percent in 2023, after increasing by 3.3 percent in 2022. According to a report by the George Mason University Stephen S. Fuller Institute, the Washington region's economy considerably lagged peer metros in job growth in 2023. From April 2023 to April 2024, job growth increased only 0.8 percent. The report also noted that the region has several headwinds that suggest a gloomy near-term outlook, including exceptionally low inventory of active housing units for sale that has likely led to out-migration and consequently to a tight labor force in the region, leaving limited room for economic expansion. Significant economic uncertainty remains, with the region set for no growth or very modest growth in the near future.

In Fairfax County, the unemployment rate averaged 2.5 percent in 2023, which was unchanged from 2022. The unemployment rate stood at 2.0 percent in April 2024, 0.1 percentage point down from a year ago. Based on preliminary estimates from IHS Markit, the County's Gross County product (GCP), adjusted for inflation, increased at a rate of 3.0 percent in 2023, slightly lower than the 3.4 percent increase experienced in 2022. According to IHS Markit, the County's economy is expected to grow at a 1.9 percent rate in 2024.

Local Housing Market

Based on information from Bright MLS, the average sales price of homes sold in Fairfax County rose 3.8 percent from $761,799 in 2022 to $790,367 in 2023. Home prices increased primarily as a result of the tight inventory of homes for sale. Since bottoming out in 2009, the average home sales price has risen 89.4 percent, or at an average annual growth rate of 4.7 percent. Bright MLS also reported that 11,218 homes sold in the County in 2023, down 22.6 percent compared to 2022. Homes that sold during 2023 were on the market for an average of 18 days, one day longer than in 2022.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, the direct office vacancy rate at year-end 2023 was 17.2 percent, up from 16.7 percent at year-end 2022. The overall office vacancy rate, which includes empty sublet space, was 18.1 percent at year-end 2023, up from 17.8 percent recorded at year-end 2022. The amount of empty office space increased to 21.6 million square feet.

Fairfax County recorded 6.2 million square feet of office leasing in 2023, amounting to a slight decrease from the 2022 figure of 6.6 million square feet. For the second year in a row, leasing totals amounted to approximately two-thirds of the pre-pandemic average. While this could indicate a new normal, there is an expectation office leasing could continue its recovery once interest rates come down and more of the workforce returns to the office.

Typically, the County would see office construction levels above two million square feet year after year, but under the post-pandemic financial climate in which many developers are unable to obtain financing that would kickstart construction of a project, there is currently one million square feet under construction, across five buildings. Three of the office buildings under construction commenced work without a committed tenant but are expected to capture some of the trophy office demand due to location along the Silver Line and proximity to in-demand amenities.

There were no office projects that were delivered during 2023, but there were two office buildings demolished to accommodate the development of a data center. The two office buildings were vacant since delivery in 2013.

Fees and Charges Review

A review of the County's fees and charges in the General Fund was conducted during the fall of 2023. Fees and user charges were compared to state maximum rates and to those of surrounding jurisdictions, and the actual costs of service provision were analyzed. As a result of this review, an increase to the Cigarette Tax rate from $0.30 to $0.40 per pack was approved and is anticipated to generate an additional $1.3 million in FY 2025. In addition, revenue enhancements in the amount of $2.74 million were recommended as part of the FY 2025 Advertised Budget Plan, including adjustments to Zoning fees, Fire Marshal fees and Fire Prevention Code permits, and others. It should be noted that, as a result of actions taken by the Board of Supervisors on April 16, 2024, the proposed FY 2025 fee increases by the Department of Planning and Development (DPD) and the Office of the Fire Marshal will be phased in over a two-year period, resulting in a 50 percent reduction from the increases as originally proposed in the FY 2025 Advertised Budget Plan. The proposed increases in senior center membership fees will also be phased in over a two-year period to moderate the impact on residents. A more detailed discussion of these adjustments can be found in the following narrative.

Revenue

The FY 2024 and FY 2025 General Fund revenue estimates discussed in this section are based on a review of Fairfax County economic indicators, actual FY 2023 receipts, and FY 2024 year-to-date collection trends. Forecasts of economic activity in the County are provided by IHS Markit and a variety of national economic forecasts are considered. Based on analysis of projected trends, revenue categories are expected to experience moderate growth through FY 2025.

In FY 2025, current and delinquent Real Estate Tax revenue comprises 65.7 percent of total County General Fund revenues. FY 2025 Real Estate property values were established as of January 1, 2024 and reflect market activity through calendar year 2023. The Real Estate Tax base is projected to increase 2.73 percent in FY 2025 and is made up of a 1.91 percent increase in total equalization (reassessment of existing residential and nonresidential properties), and an increase of 0.82 percent for new construction. On average, home prices continued to increase in 2023 due to demand exceeding supply, but only moderately compared to the previous two years. The office market in the County continued to struggle in 2023 due to rising vacancies and difficulties refinancing or meeting debt obligations during a period of higher interest rates. In terms of revenue projections, future revenue forecasts must account for this trend in the office market which negatively impacts the County's real estate base, as well as any changes in consumer behavior impacting sales tax and business tax revenue.

Major Revenue Sources

The following major revenue categories discussed in this section comprise 98.8 percent of total FY 2025 General Fund revenue. Unless otherwise indicated, comparative data are presented relative to the FY 2025 Advertised 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 2023 Actual	FY 2024 Adopted Budget Plan	FY 2024 Revised Budget Plan[1]	FY 2025 Advertised Budget Plan	FY 2025 Adopted Budget Plan	Change from Advertised	
						Increase / (Decrease)	% Change
Real Estate Tax - Current	$3,204,029,004	$3,362,215,285	$3,362,215,285	$3,590,531,873	$3,558,569,499	($31,962,374)	(0.9%)
Personal Property Tax - Current[2]	738,514,812	716,190,154	721,292,156	785,103,576	784,747,128	(356,448)	(0.0%)
Paid Locally	*527,200,868*	*504,876,210*	*509,978,212*	*573,789,632*	*573,433,184*	*(356,448)*	*(0.1%)*
Reimbursed by Commonwealth	*211,313,944*	*211,313,944*	*211,313,944*	*211,313,944*	*211,313,944*	*0*	*0.0%*
Business, Professional and Occupational License Tax-Current	195,040,792	191,720,120	197,971,425	201,930,853	201,930,853	0	0.0%
Local Sales Tax	240,066,648	247,849,578	243,988,880	246,428,769	246,428,769	0	0.0%
Recordation/Deed of Conveyance Taxes	27,817,612	27,632,106	22,964,570	23,309,038	23,309,038	0	0.0%
Bank Franchise Tax	30,927,958	26,078,885	28,991,958	29,861,717	29,861,717	0	0.0%
Gas & Electric Utility Taxes	44,463,959	44,880,523	44,880,523	44,880,523	44,880,523	0	0.0%
Vehicle License Fee	26,774,826	26,813,573	27,131,196	27,538,164	27,538,164	0	0.0%
Transient Occupancy Tax	22,259,139	23,077,522	23,550,000	24,021,000	25,551,000	1,530,000	6.4%
Cigarette Tax	4,516,087	4,262,574	4,075,000	5,161,680	5,161,680	0	0.0%
Permits, Fees and Regulatory Licenses	9,839,241	9,835,922	9,788,910	12,654,661	11,430,461	(1,224,200)	(9.7%)
Investment Interest	116,296,231	124,501,922	154,435,014	152,791,044	163,924,601	11,133,557	7.3%
Charges for Services	62,976,188	63,309,540	67,566,065	69,058,078	69,024,437	(33,641)	(0.0%)
Fines and Forfeitures	7,873,896	7,476,019	8,380,710	8,513,504	9,214,101	700,597	8.2%
Recovered Costs/ Other Revenue	19,823,365	17,419,244	18,234,080	20,363,644	20,363,644	0	0.0%
Revenue from the Commonwealth and Federal Government[2]	154,657,550	155,300,858	155,679,257	155,453,973	158,147,212	2,693,239	1.7%
Total Major Revenue Sources	**$4,905,877,308**	**$5,048,563,825**	**$5,091,145,029**	**$5,397,602,097**	**$5,380,082,827**	**($17,519,270)**	**(0.3%)**

[1] FY 2024 revenue estimates were increased a net $53.6 million as part of the fall 2023 revenue review and the *FY 2024 Third Quarter Review*. Explanations of these changes can be found in the following narrative.

[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 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$3,204,029,004	$3,362,215,285	$3,362,215,285	$3,590,531,873	$3,558,569,499	($31,962,374)	(0.9%)

The FY 2025 Adopted Budget Plan estimate for Current Real Estate Taxes is $3,558,569,499 and represents a decrease of $31,962,374 or 0.9 percent from the FY 2025 Advertised Budget Plan estimate. The decrease is the result of the adoption of a Real Estate tax rate of $1.125 per $100 of assessed value, a one-cent decrease from the proposed rate of $1.135. Because the Real Estate tax rate impacts two classes of personal property, mobile homes and non-vehicle Public Service Corporation property, the FY 2025 Personal Property Tax estimate is also decreased by $0.4 million. The FY 2025 projected Real Estate tax revenue reflects an increase of $196.4 million over FY 2024, which is the result of the rise of the Real Estate tax base of 2.73 percent as compared to the FY 2024 valuation of real property, as well as a 3-cent increase in the adopted Real Estate tax rate from $1.095 per $100 of assessed value in FY 2024 to $1.125 in FY 2025.

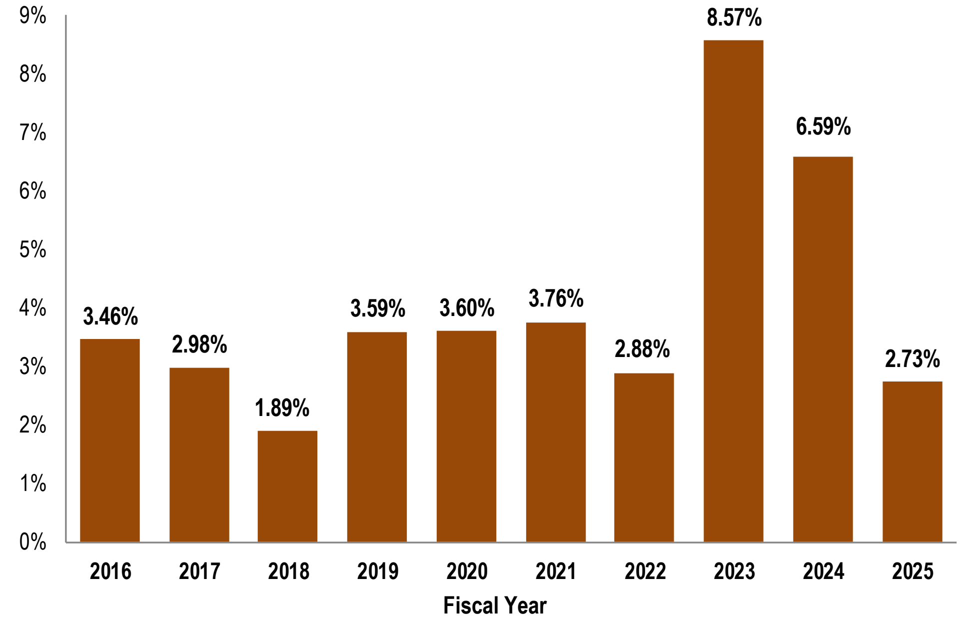
The FY 2025 value of assessed real property represents an increase of 2.73 percent, as compared to the FY 2024 Real Estate Land Book, and is comprised of an increase in equalization of 1.91 percent and an increase of 0.82 percent associated with new construction. The FY 2025 figures reflected in this document are based on final assessments for Tax Year 2024 (FY 2025), which were established as of January 1, 2024. In addition to the revenue shown in the table above, the projected value of one penny on the Real Estate Tax rate ($32.32 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 2025, 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 2025 Main Assessment Book Value is $323,888,593,610 and represents an increase of $8,618,532,660, or 2.73 percent, over the FY 2024 main assessment book value of $315,270,060,950.

As a result of the housing market crisis and a general decline in economic conditions during the Great Recession, the real estate assessment base in Fairfax County declined for two consecutive years in FY 2010 and FY 2011, after experiencing years of double-digit advances in the early 2000s. Since FY 2012, the assessment base has increased by an average annual rate of 3.46 percent through FY 2022. In FY 2023, it increased a strong 8.57 percent, followed by an increase of 6.59 percent in FY 2024. This was primarily due to the historically low mortgage rates (below 3 percent for a 30-year fixed rate mortgage) and a very tight supply of homes for sale on the market. In FY 2025, growth in the real estate assessment base decelerated relative to the previous two years, increasing only 2.73 percent. While the supply of homes for sale was still very low during calendar year 2023, mortgage rates increased substantially, reaching over 8 percent in October, resulting in a significantly diminished housing affordability. In addition, the nonresidential real estate assessments decreased, primarily driven by declines in office building values.

The following chart shows changes in the County's assessed value base from FY 2016 to FY 2025.

Percentage Change in Real Estate Assessed Value
FY 2016 - FY 2025



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Equalization	2.40%	1.94%	0.97%	2.58%	2.45%	2.71%	2.02%	7.72%	5.68%	1.91%
Res	3.39%	1.64%	0.68%	2.17%	2.36%	2.65%	4.25%	9.57%	6.97%	2.86%
NonRes	(0.60%)	2.87%	1.85%	3.79%	2.71%	2.87%	(4.05%)	2.27%	1.65%	(1.24%)
Growth	1.06%	1.04%	0.92%	1 .01%	1.15%	1.05%	0.86%	0.85%	0.91%	0.82%
TOTAL	3.46%	2.98%	1.89%	3.59%	3.60%	3.76%	2.88%	8.57%	6.59%	2.73%

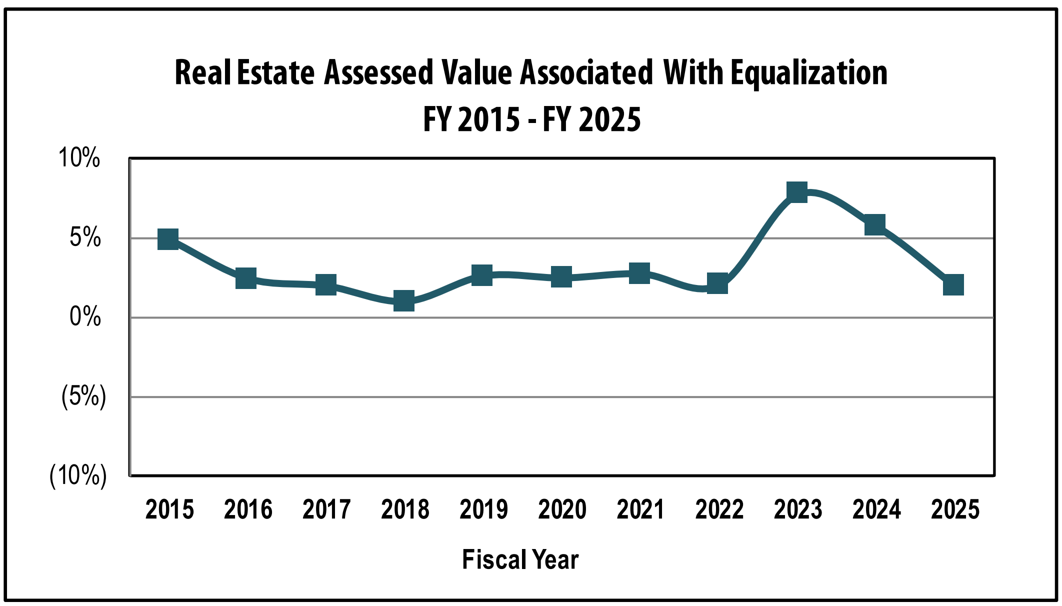
The overall change in the assessment base is comprised of equalization and normal growth. For reporting purposes, individual properties are identified as being in either the equalization category or the growth category, but not both. Equalization properties are those whose values change due to market 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 2025 assessment base reflects a total equalization increase of 1.91 percent and an increase of 0.82 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 76.26 percent in FY 2024 to 76.67 percent in FY 2025. The following table reflects changes in the Real Estate Tax assessment base from FY 2019 through FY 2025.

Main Real Estate Assessment Book Value and Changes

(in millions)

Assessed Base Change Due To:	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Equalization	**$6,140.1**	**$6,032.5**	**$6,908.6**	**$5,340.6**	**$21,024.3**	**$16,809.5**	**$6,011.5**
% Change	2.58%	2.45%	2.71%	2.02%	7.72%	5.68%	1.91%
Residential	2.17%	2.36%	2.65%	4.25%	9.57%	6.97%	2.86%
Nonresidential	3.79%	2.71%	2.87%	(4.05%)	2.27%	1.65%	(1.24%)
Normal Growth	**$2,403.1**	**$2,825.1**	**$2,693.0**	**$2,284.2**	**$2,327.6**	**$2,690.1**	**$2,607.0**
% Change	1.01%	1.15%	1.05%	0.86%	0.85%	0.91%	0.82%
Residential	0.57%	0.68%	0.67%	0.76%	0.78%	0.85%	0.54%
Nonresidential	2.29%	2.47%	2.10%	1.13%	1.08%	1.10%	1.78%
Total Change	**$8,543.2**	**$8,857.6**	**$9,601.7**	**$7,624.8**	**$23,351.9**	**$19,499.6**	**$8,618.5**
% Change	3.59%	3.60%	3.76%	2.88%	8.57%	6.59%	2.73%
Total Book	**$246,334.3**	**$255,192.0**	**$264,793.6**	**$272,418.5**	**$295,770.4**	**$315,270.1**	**$323,888.6**

Equalization, or reassessment of existing residential and nonresidential property, represents an increase in value of $6,011,527,410, or 1.91 percent, in FY 2025. While residential property values increased in FY 2025, non-residential values declined. Overall, residential equalization reflects a 2.86 percent increase in FY 2025, compared to a 6.97 percent increase in FY 2024. Nonresidential equalization decreased 1.24 percent in FY 2025, compared to a 1.65 percent increase in FY 2024. Changes in the assessment base as a result of equalization are shown in the following graph.



In 2023, even with mortgage rates in the 6.0 – 7.0 percent range, residential real estate in Fairfax County continued to experience a modestly strong sellers' market due to historically low inventories, as was the case throughout Northern Virginia. By the end of calendar year 2023, home prices, on average, were somewhat higher than they were 12 months prior, but the increase was below what the County experienced in the previous two years. This was the primary basis for determining residential assessed values for tax year 2024 (FY 2025).

The total value of residential properties including new construction in FY 2025 is $251.0 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.

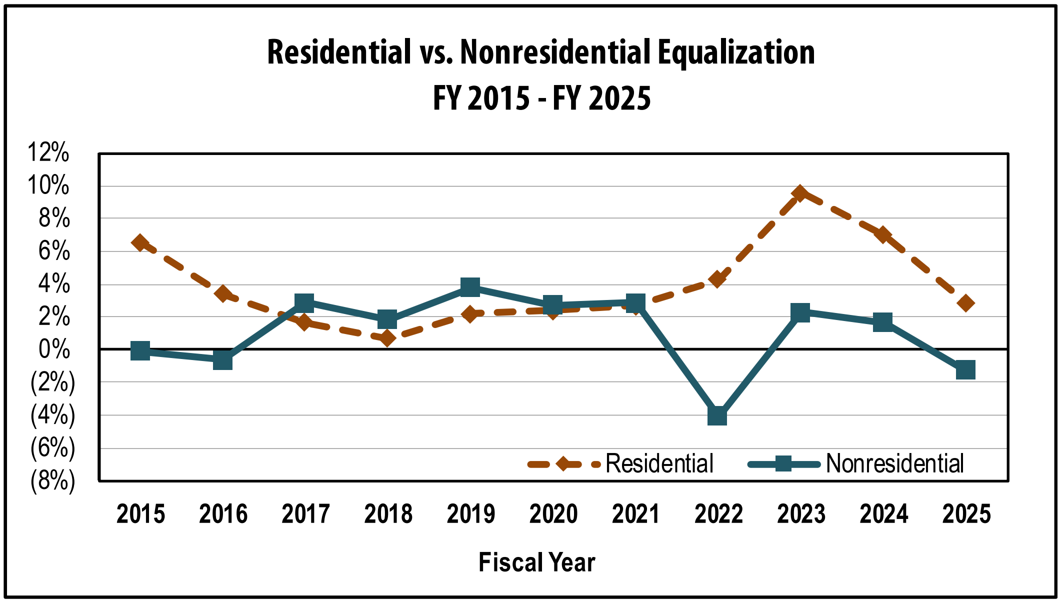
Overall, single family property values increased 2.79 percent in FY 2025. The value of single-family homes has the most impact on the total residential base because they represent almost 72.0 percent of the total. The value of townhouse properties increased 2.99 percent in FY 2025, while that of condominium properties increased 4.21 percent. Changes in residential equalization by housing type since FY 2020 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 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Single Family (71.8%)	2.17%	2.36%	4.17%	10.86%	7.80%	2.79%
Townhouse/Duplex (19.9%)	3.12%	3.43%	5.13%	8.70%	6.31%	2.99%
Condominiums (7.9%)	2.98%	4.36%	4.62%	3.98%	3.98%	4.21%
Vacant Land (0.3%)	3.11%	1.89%	2.07%	11.67%	6.40%	3.48%
Other (0.1%)[1]	1.67%	0.35%	1.95%	3.88%	9.25%	0.70%
Total Residential Equalization (100%)	**2.36%**	**2.65%**	**4.25%**	**9.57%**	**6.97%**	**2.86%**

[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 $744,526. This is an increase of $20,701, or 2.86 percent over the FY 2024 value of $723,825. At the adopted Real Estate tax rate of $1.125 per $100 of assessed value, the typical residential annual tax bill will rise, on average, $450.04 in FY 2025 to $8,375.92.



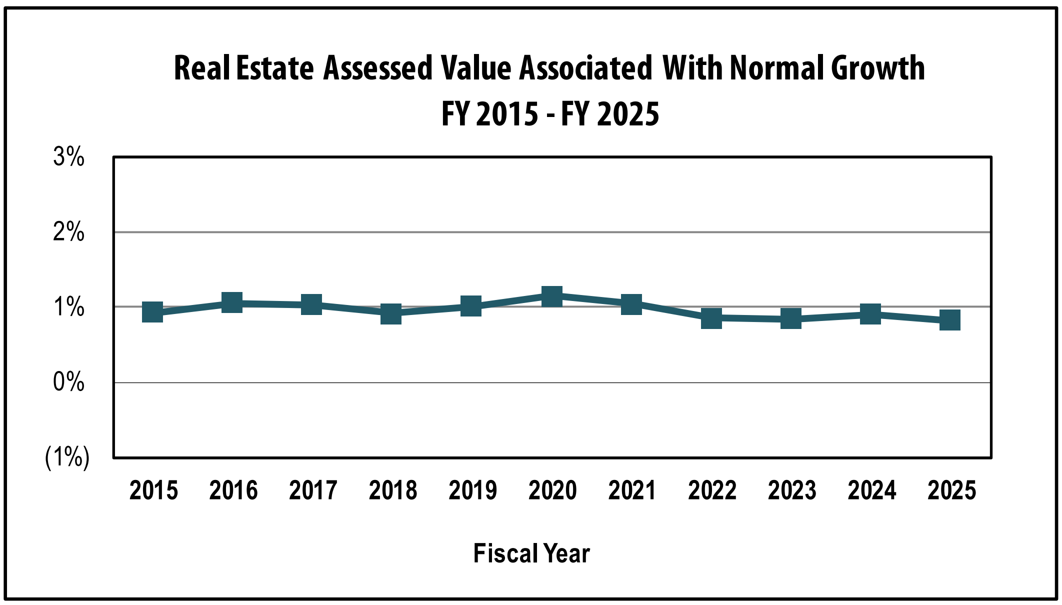
In FY 2015 and FY 2016, nonresidential values decreased a slight 0.10 percent and another 0.60 percent, respectively. From FY 2017 to FY 2021, growth in nonresidential equalization was higher than that of residential equalization. The trend ended in FY 2022 when nonresidential equalization decreased 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 as the world returned to a "new normal." Commercial real estate values in FY 2023 began to recover from the significant decreases seen in the previous tax year, increasing 2.27 percent overall. In calendar year 2022, nonresidential values increased modestly, with non-residential equalization reflecting an increase of 1.65 percent in FY 2024. Nonresidential real estate values in FY 2025 reflect a decrease of 1.24 percent. With increasing vacancy rates, higher capitalization rates, and the difficulties in securing commercial financing, the office sector continued to struggle, and assessments were lower as a result. Apartments, retail, and industrial properties were generally stable with slightly higher assessments in some cases. Hotel properties in Fairfax County continued the path back to normalcy with higher occupancies and increasing revenue and assessed values for tax year 2024 (FY 2025) are at or near pre-pandemic levels. Data centers continued to become more prevalent in Fairfax County with several new developments nearing completion and coming online in 2023 or 2024.

Retail properties, which increased 3.92 percent in FY 2024, posted another increase of 1.14 percent in FY 2025. Apartment values, which represent 30.8 percent of the total nonresidential base, rose 1.97 percent in FY 2025. Office Elevator properties (mid- and high-rises), which comprise 26.0 percent of the nonresidential tax base, experienced a decrease for the fourth consecutive year, declining 9.09 percent in assessed value in FY 2025 after decreasing 3.69 percent in FY 2024. The total value of nonresidential properties including new construction in FY 2025 is $73.8 billion. Nonresidential equalization changes by category since FY 2020 are presented in the following table.

Nonresidential Equalization Changes

Category (Percent of Base)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Apartments (30.8%)	2.13%	4.37%	2.78%	6.60%	4.04%	1.97%
Office Condominiums (3.4%)	1.77%	0.43%	(0.59%)	0.65%	1.61%	(0.05%)
Industrial (6.3%)	5.90%	2.01%	0.14%	1.97%	9.59%	(1.37%)
Retail (16.9%)	1.66%	2.59%	(10.20%)	2.84%	3.92%	1.14%
Office Elevator (26.0%)	3.32%	4.01%	(4.42%)	(0.45%)	(3.69%)	(9.09%)
Office - Low Rise (2.0%)	2.75%	1.77%	(3.28%)	2.41%	(1.17%)	(3.67%)
Vacant Land (3.2%)	4.28%	(0.13%)	(5.36%)	(0.74%)	(3.27%)	(1.84%)
Hotels (2.7%)	6.62%	2.23%	(44.20%)	1.92%	14.46%	22.17%
Other (8.7%)	2.80%	1.52%	(3.75%)	0.84%	3.91%	2.83%
Nonresidential Equalization (100%)	**2.71%**	**2.87%**	**(4.05%)**	**2.27%**	**1.65%**	**(1.24%)**

The Growth component increased the FY 2025 assessment base by $2,607,005,250, or 0.82 percent, over the FY 2024 assessment book value. New construction increased the residential property base by 0.54 percent and nonresidential properties by 1.78 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 2025 Real Estate Tax revenue estimate:

Exonerations, Certificates and Tax Abatements are anticipated to reduce the Real Estate assessment base by $1,325.7 million in FY 2025, resulting in a reduction in levy of $14.9 million.

Additional Assessments expected to be included in the new Real Estate base total $875.0 million, or a levy increase of $9.8 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 2025 by $4,100.0 million. The reduction in tax levy due to the Tax Relief program is approximately $46.1 million at the adopted Real Estate tax rate of $1.125 per $100 of assessed value. For FY 2025, the income limits of the Tax Relief for Seniors and People with Disabilities program are as follows: 100 percent exemption for elderly and disabled taxpayers with incomes up to $60,000; 75 percent exemption for eligible applicants with income between $60,001 and $70,000; 50 percent exemption for eligible applicants with income between $70,001 and $80,000; and 25 percent exemption if income is between $80,001 and $90,000. The allowable asset limit in FY 2025 is $400,000 for all ranges of tax relief. Relief is granted to a maximum limit of 125 percent of the mean assessed value of all residential properties in Fairfax County as of January 1, 2024.

In FY 2024, the Board of Supervisors approved a Real Estate Tax Deferral program for eligible seniors and people with disabilities. To qualify for the program, total combined gross household income from the immediately preceding year may not exceed $100,000. Additionally, the total net worth of applicants and owners may not exceed $500,000, not including the value of the home, its furnishings and the home site. The deferred real estate taxes are subject to an annual compounding interest at the rate of the prime rate set by the Wall Street Journal plus 1.00 percent per year (not to exceed 8.00 percent in total). The deferred taxes and accumulated interest may not exceed 10 percent of the assessed value of the property and are due to the County upon the sale or transfer of the property and within one year of the date of passing of the eligible applicant.

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 2025 income and asset thresholds for the Real Estate Tax Relief Program.

FY 2025 Real Estate Tax Relief Program

	Income Limit	Asset Limit	Percent Relief
Elderly and Disabled*	Up to $60,000 Over $60,000 to $70,000 Over $70,000 to $80,000 Over $80,000 to $90,000	$400,000	100% 75% 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

* Relief is granted to a maximum limit of 125% of the mean assessed value of all residential properties in Fairfax County as of January 1, 2024.

The FY 2025 local assessment base of $319,337,929,900 is derived from the main assessment book and subsequent adjustments discussed above. From this local assessment base, a local tax levy of $3,592,551,711 is calculated using the adopted Real Estate Tax rate of $1.125 per $100 of assessed value. Based on an expected local collection rate of 99.65 percent, revenue from local assessments is estimated to be $3,579,977,781. In FY 2025, every 0.01 percentage point change in the collection rate on the locally assessed Real Estate Tax levy yields a revenue change of $0.4 million, while every penny on the tax rate yields $32.32 million in revenue.

Added to the local assessment base is an estimated $1,403,488,035 in assessed value for Public Service Corporations (PSC) property. Using the adopted Real Estate tax rate of $1.125 per $100 of assessed value, the tax levy on PSC property is $15,789,240. The collection rate on PSC property is expected to be 100.0 percent.

The total assessment base, including Public Service Corporations, is $320,741,417,935, with a total tax levy of $3,608,340,951 at the adopted Real Estate Tax rate of $1.125 per $100 of assessed value. Estimated FY 2025 revenue from the Real Estate Tax, including receipts from Public Service Corporations totals $3,595,767,021. Of this amount, the value of one cent on the Real Estate Tax rate, $32,318,822, has been directed to Fund 30300, Affordable Housing Development and Investment, and $4,878,700 has been directed to Fund 70040, Mosaic District Community Development Authority.

FY 2025 Estimated Real Estate Assessments and Tax Levy

	Assessed Value	FY 2025 Tax Levy at $1.125/$100 of Assessed Value
FY 2024 Real Estate Book	$315,270,060,950	$3,546,788,186
FY 2025 Equalization	6,011,527,410	$67,629,683
FY 2025 Growth	2,607,005,250	29,328,809
TOTAL FY 2025 REAL ESTATE BOOK	**$323,888,593,610**	**$3,643,746,678**
Exonerations	($1,250,000,000)	($14,062,500)
Certificates	(11,000,000)	(123,750)
Tax Abatements	(64,663,710)	(727,467)
Subtotal Exonerations	**($1,325,663,710)**	**($14,913,717)**
Supplemental Assessments	$875,000,000	$9,843,750
Tax Relief	(4,100,000,000)	(46,125,000)
Local Assessments	**$319,337,929,900**	**$3,592,551,711**
Public Service Corporation	$1,403,488,035	$15,789,240
TOTAL[1]	**$320,741,417,935**	**$3,608,340,951**

[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 2025 is $722,460,620, with a tax levy of $8,127,682.

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 2025 is $722,460,620, with a tax levy of $8,127,682 at the adopted Real Estate Tax rate of $1.125 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 $8,099,235. 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 $4,878,700 in FY 2025. Accordingly, the difference of $3,220,535 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 $3,558,569,499. The total local collection rates experienced in this category since FY 2010 are shown in the following table:

Real Estate Tax Local Collection Rates

Fiscal Year	Collection Rate	Fiscal Year	Collection Rate
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**	99.67%
2015	99.77%	**2023**	99.66%
2016	99.75%	**2024 (estimated)[1]**	99.65%
2017	99.79%	**2025 (estimated)[1]**	99.65%

[1] In FY 2025, every 0.1 percentage point change in the collection rate yields a revenue change of $3.6 million.

The Commercial/Industrial percentage of the County's FY 2025 Real Estate Tax base is 15.58 percent, a decrease of 0.58 percentage point from the FY 2024 level of 16.16 percent. Commercial/Industrial property values as a percentage of the Real Estate Tax base decreased in FY 2025 as a result of the growth experienced in the residential real estate values and the decline in assessed values of commercial properties, particularly office buildings. The Commercial/Industrial percentage is based on Virginia land use codes and includes all nonresidential property except multi-family rental apartments, which make up 7.75 percent of the County's Real Estate Tax base in FY 2025. Fairfax County's historical Commercial/Industrial percentages are detailed in the following table:

Commercial/Industrial Percentages

Fiscal Year	Percentage	Fiscal Year	Percentage
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%
2016	18.67%	**2024**	16.16%
2017	18.89%	**2025**	15.58%

FY 2024 Current Real Estate Tax Revenue

No changes have been made to the FY 2024 Real Estate Tax revenue estimate.

Personal Property Taxes

PERSONAL PROPERTY TAX-CURRENT

	FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
Paid Locally	$527,200,868	$504,876,210	$509,978,212	$573,789,632	$573,433,184	($356,448)	(0.1%)
Reimbursed by State	211,313,944	211,313,944	211,313,944	211,313,944	211,313,944	0	0.0%
Total	**$738,514,812**	**$716,190,154**	**$721,292,156**	**$785,103,576**	**$784,747,128**	**($356,448)**	**(0.0%)**

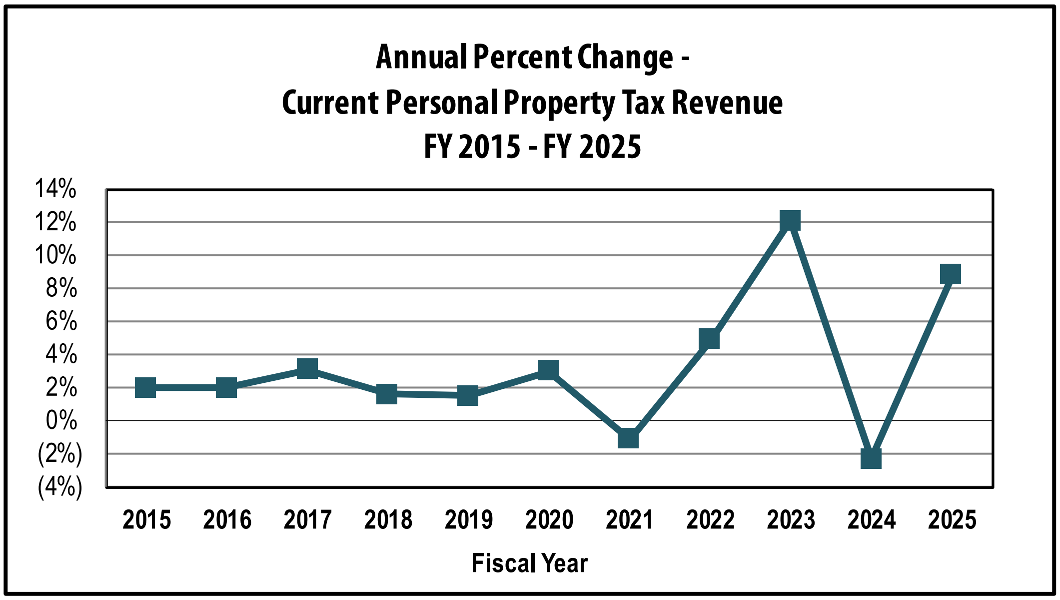
The FY 2025 Adopted Budget Plan estimate for Personal Property Tax revenue of $784,747,128 reflects a decrease of $356,448 from the FY 2025 Advertised Budget Plan estimate. The decrease is the result of the adoption of a Real Estate tax rate of $1.125 per $100 of assessed value, a one-cent decrease from the advertised rate of $1.135. This tax rate is applied to the valuation of mobile homes and non-vehicle Public Service Corporations properties.

The FY 2025 projected Personal Property tax revenue reflects an increase of $63.5 million over FY 2024. Due to pandemic related supply chain disruptions and shortages of computer chips, car prices moved significantly higher during the pandemic. To partially offset the unprecedented increase to vehicle values, the Board of Supervisors passed a resolution adopting a vehicle assessment ratio of 85 percent of the trade-in value for Tax Year 2022 (FY 2023). Normally, vehicles are assessed at 100 percent of the trade-in value. Based on information from J.D. Power, vehicle assessed values as of January 1, 2023 declined compared to the January 2022 levels. Given the decline, the Board of Supervisors approved a 90 percent vehicle assessment ratio for Tax Year 2023 (FY 2024) rather than the 85 percent used in FY 2023. Based on information for Tax Year 2024, the January 1, 2024 vehicle values are lower than last year. The revenue estimates presented here are based vehicle assessments at 100 percent of the trade-in value. No assessment ratio is utilized for Tax Year 2024 (FY 2025).

The Personal Property Tax on vehicles represents 80.5 percent of the total assessment base in FY 2025. 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 substantial increase in the average vehicle levy in FY 2023 and the capped reimbursement amount from the state, the PPTRA percentage decreased to 49.5 percent, down from 57.5 percent in

FY 2022. For FY 2024, the PPTRA percentage was set at 51.0 percent. It is set at 50.0 percent for FY 2025.

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



From FY 2015 through FY 2020, annual growth in Personal Property Tax revenue averaged 2.2 percent. Receipts declined 1.1 percent in FY 2021 as a result of the COVID-19 pandemic. 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, Current Personal Property Tax revenue increased 4.9 percent over the FY 2021 level. The FY 2022 average vehicle levy increased 7.2 percent as a result of strong demand and limited supply of new and used vehicles, while the overall business personal property levy decreased 1.4 percent. As shown in the chart above, a significant increase of 12.1 percent occurred in FY 2023 primarily due to strong vehicle levy. Used car values appreciated on average by 33 percent, as indicated by the January 1, 2022 values from J.D. Power. To offset the unprecedented increase in car values, the County applied an 85 percent assessment ratio for FY 2023. Using the lower assessment ratio resulted in an effective average assessed value increase of 16.4 percent. In FY 2024, a 90-percent assessment ratio was used. 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. Analysis with data from J.D. Power indicated that January 1, 2024 car values continued to decline for a second consecutive year. At 100 percent of the trade-in value, with no assessment ratio applied in FY 2025, the average vehicle levy is projected to increase 9.9 percent compared to the discounted FY 2024 average vehicle levy. Vehicle volume is anticipated to increase by 1.0 percent.

Changes in vehicle volume and average vehicle levy since FY 2015 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 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	0.6%	$538	7.2%
FY 2023	(2.3%)	$626	16.4%
FY 2024 (est.)	2.9%	$599	(4.3%)
FY 2025 (est.)	1.0%	$658	9.9%

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. Average annual growth in business personal property levy was 2.6 percent from FY 2018 through FY 2021. In FY 2022, it decreased 2.7 percent, followed by an increase of 3.5 percent in FY 2023. An increase of 1.5 percent is projected for FY 2025.

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. Effective January 1, 2022, Machinery and Tools equipment is depreciated starting at 50 percent of the original cost for the first year of ownership and 10 percent less each succeeding year, until it reaches a floor of 10 percent in the fifth year.

Personal Property Tax revenue estimates are based on a tax rate of $4.57 per $100 of valuation for vehicles and business property, except for Machinery and Tools which are taxed at a rate of $2.00 per $100 of assessed value, and a tax rate of $1.125 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 2025 Estimated Personal Property Assessments and Tax Levy

Category	FY 2025 Assessed Value	Tax Rate (per $100)	FY 2025 Tax Levy	Percent of Total Levy
Vehicles				
Privately Owned	$13,490,595,228	$4.57	$556,172,204	69.7%
Business Owned	814,449,883	4.57	33,254,918	4.2%
Leased	1,319,175,312	4.57	52,572,878	6.6%
Subtotal	**$15,624,220,423**		**$642,000,000**	**80.5%**
Business Personal Property				
Furniture and Fixtures	$2,375,652,033	$4.57	$109,550,545	13.7%
Computer Equipment	690,079,073	4.57	31,929,023	4.0%
Machinery and Tools	12,001,900	2.00	240,038	0.0%
Research and Development	64,727	4.57	2,958	0.0%
Subtotal	**$3,077,797,733**		**$141,722,564**	**17.7%**
Other Personal Property				
Boats, Trailers, Miscellaneous	$24,075,777	$4.57	$1,100,263	0.1%
Mobile Homes	15,396,388	1.125	173,209	0.1%
Subtotal	**$39,472,165**		**$1,273,472**	**0.2%**
Exonerations	($91,770,962)	$4.57	($35,324,891)	(4.4%)
Omitted Assessments	410,594,156	4.57	7,849,976	1.0%
Total Local Assessed Value and Levy	**$19,060,313,515**		**$757,521,121**	**94.9%**
Public Service Corporations				
Equalized	$3,549,356,476	$1.125	$39,930,261	5.0%
Vehicles	8,850,700	4.57	404,477	0.1%
Subtotal	$3,558,207,176		$40,334,738	5.1%
TOTAL	**$22,618,520,691**		**$797,855,859**	**100.0%**

FY 2025 Personal Property Tax assessments including Public Service Corporations are projected to be $22,618,520,691 with a total tax levy of $797,855,859. Personal Property Tax revenue collections are projected to be $784,747,128, 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 2010 are shown in the following table:

Personal Property Tax Collection Rates

Fiscal Year	Collection Rate	Fiscal Year	Collection Rate
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**	96.9%
2015	98.4%	**2023**	96.9%
2016	98.5%	**2024 (estimated)**	97.6%
2017	98.4%	**2025 (estimated)[1]**	97.6%

[1] In FY 2025, 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 $1.6 million.

FY 2024 Current Personal Property Tax Revenue

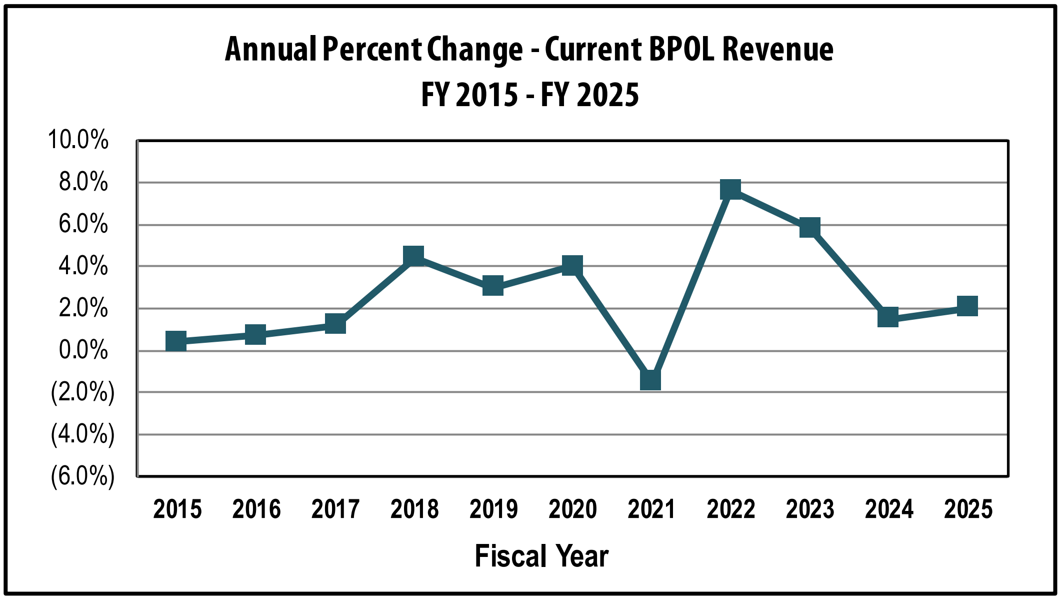
The FY 2024 Personal Property Tax estimate was increased $5.1 million during the fall 2023 revenue review based on final Public Service Corporation assessments by the Commonwealth of Virginia and higher than projected vehicle and business tax levies.

Business, Professional and Occupational License Tax

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$195,040,792	$191,720,120	$197,971,425	$201,930,853	$201,930,853	$0	0.0%

The FY 2025 Adopted Budget Plan estimate for Business, Professional, and Occupational License Taxes (BPOL) of $201,930,853 reflects no change from the FY 2025 Advertised Budget Plan and an increase of $3,959,428 or 2.0 percent over the *FY 2024 Revised Budget Plan*. As shown in the following chart, due to lower federal government procurement spending and 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. FY 2022 BPOL receipts rebounded strongly, increasing 7.6 percent, as they were positively impacted by the reopening of the economy during calendar year 2021, and by the significant support of federal government stimulus. In FY 2023, BPOL receipts increased 5.8 percent over the FY 2022 level. In FY 2023, the combined Consultant and Business Service Occupations categories, which represent almost 43 percent of total BPOL receipts, increased 3.4 percent over the FY 2022 level. The Retail category, which represents almost 20 percent of total BPOL receipts, increased 12.2 percent. Also heavily impacted by the pandemic disruption in FY 2021, the Hotel/Motel category increased 42.4 percent in FY 2023 following an increase of 62.5 percent in FY 2022.



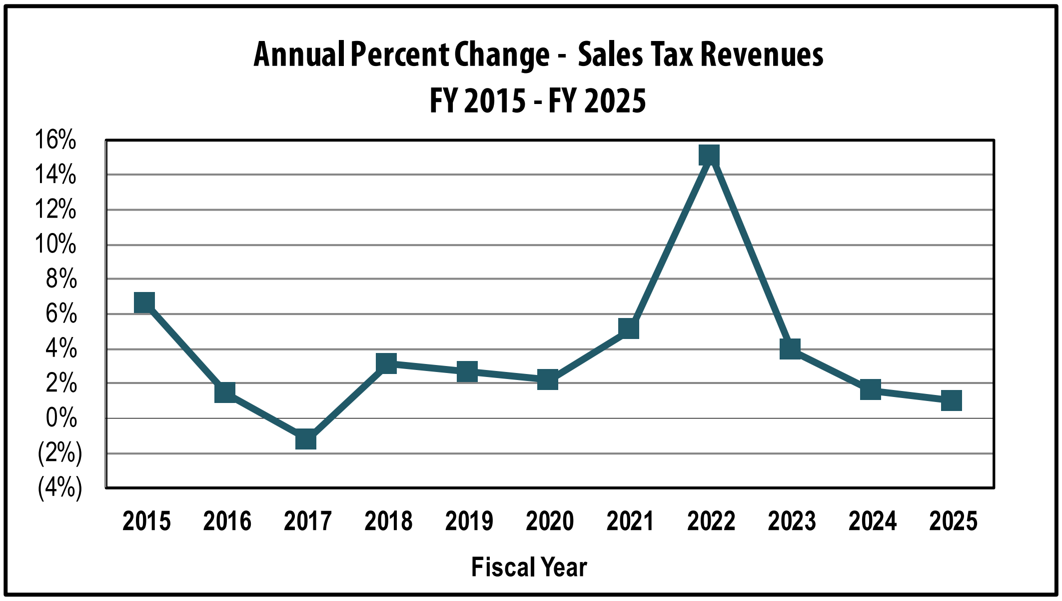
Since County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, there is limited actual data available throughout the fiscal year. Based on actual FY 2023 receipts and an econometric model using calendar year Sales Tax receipts and employment as predictors, the FY 2024 BPOL estimate was increased by $6.3 million during the fall 2023 revenue review, reflecting an increase of 1.5 percent over the FY 2023 actual level. Consistent with model projections, BPOL revenue is expected to increase moderately by 2.0 percent in FY 2025.

Local Sales Tax

LOCAL SALES TAX

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$240,066,648	$247,849,578	$243,988,880	$246,428,769	$246,428,769	$0	0.0%

The FY 2025 Adopted Budget Plan estimate for Sales Tax receipts of $246,428,769 reflects no change from the FY 2025 Advertised Budget Plan and an increase of $2,439,889 or 1.0 percent over the *FY 2024 Revised Budget Plan*. The following chart illustrates that the level of Sales Tax receipts has varied with economic conditions.



Total FY 2015 Sales Tax receipts rebounded strongly by 6.6 percent, after a slowdown in FY 2014. FY 2016 had a modest increase of 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 increased a strong 15.1 percent primarily as a result of federal stimulus and as consumers continued spending more on goods rather than services. In FY 2023, Sales Tax revenue increased 3.9 percent over the FY 2022 level. During the fall 2023 revenue review, the FY 2024 estimate was reduced a total of $3.9 million based on actual FY 2023 collections and year-to-date receipts, representing an increase of only 1.6 percent. 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, Sales Tax receipts were up only 0.1 percent. February collections for sales during the holiday shopping season in December were down 9.9 percent. No change in the FY 2024 Sales Tax estimate was made during the Third Quarter Review. Consistent with econometric model projections and the expectations of a potential soft landing for the economy, Sales Tax receipts in FY 2025 are projected to rise 1.0 percent over the FY 2024 estimate.

Recordation/Deed of Conveyance Taxes

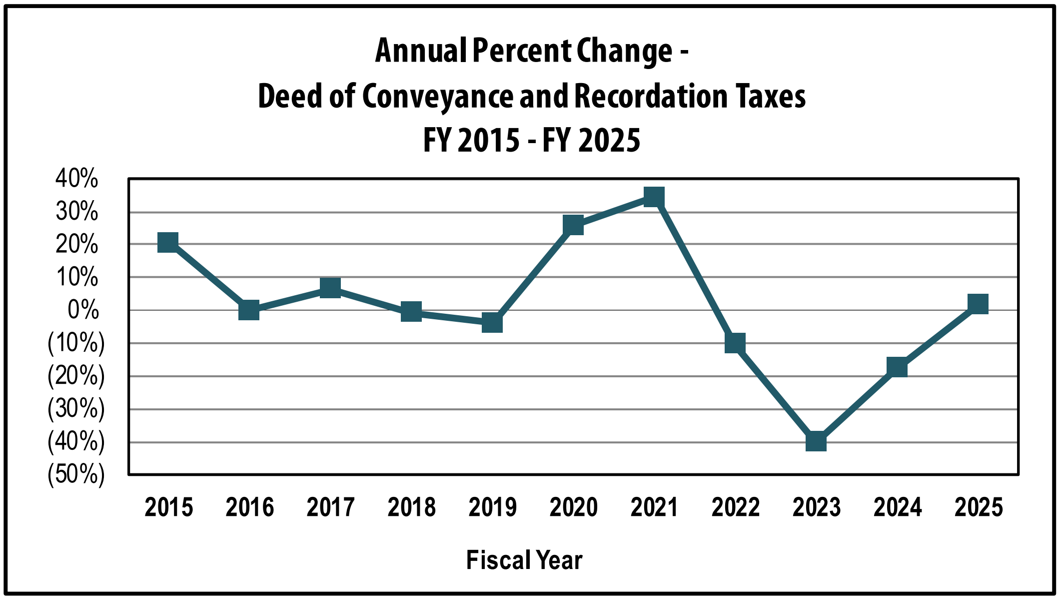
RECORDATION/DEED OF CONVEYANCE TAXES

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$27,817,612	$27,632,106	$22,964,570	$23,309,038	$23,309,038	$0	0.0%

The FY 2025 Adopted Budget Plan estimate for Recordation and Deed of Conveyance Taxes of $23,309,038 reflects no change from the FY 2025 Advertised Budget Plan and an increase of $344,468, or 1.5 percent, over the *FY 2024 Revised Budget Plan*. The FY 2025 estimate is comprised of $17,375,946 in Recordation Tax revenues and $5,933,092 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.

As shown on the following chart, FY 2015 receipts grew a strong 20.5 percent. 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. However, FY 2022 combined receipts declined 10.5 percent as mortgage interest rates increased substantially during the second half of the fiscal year. FY 2023 receipts declined a combined 40.1 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 compared to the same period in FY 2023. During the fall 2023 revenue review, the FY 2024 estimate was decreased by $4.7 million, reflecting a decline of 17.4 percent from the FY 2023 level. FY 2025 receipts are projected to increase 1.5 percent, based on the expectation that mortgage rates will decline and the number of home sales will start to recover.

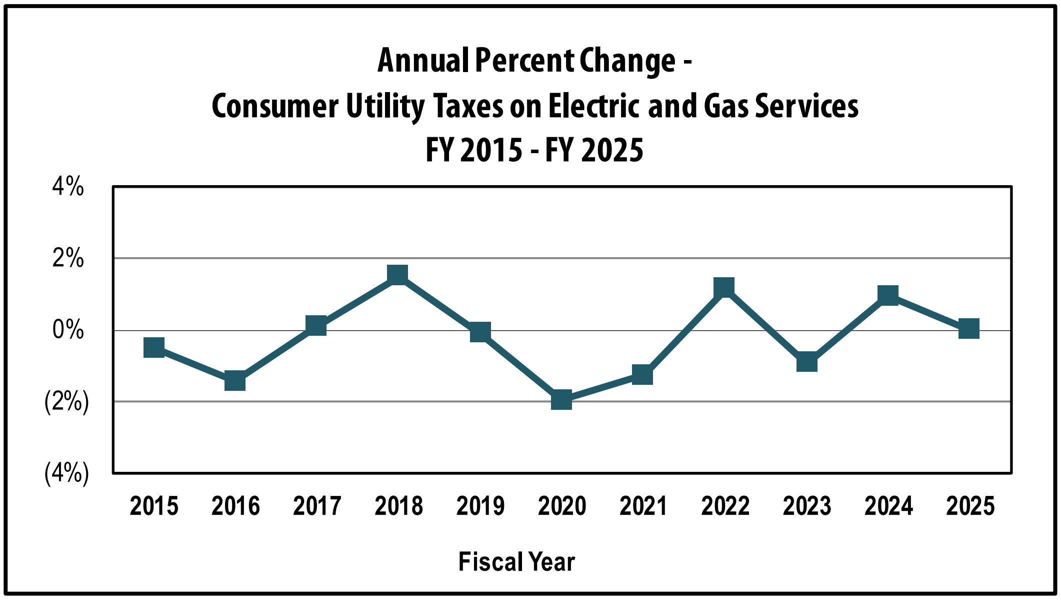


Consumer Utility Taxes

CONSUMER UTILITY TAXES - GAS AND ELECTRIC

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$44,463,959	$44,880,523	$44,880,523	$44,880,523	$44,880,523	$0	0.0%

The FY 2025 Adopted Budget Plan estimate for Consumer Utility Taxes on gas and electric services of $44,880,523 reflects no change from the FY 2025 Advertised Budget Plan and is level with the *FY 2024 Revised Budget Plan*. The FY 2025 estimate is comprised of $35,456,157 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 2015 to FY 2020 declined at an average annual rate of just 0.4 percent. In FY 2021, collections decreased another 1.3 percent. Growth resumed in FY 2022, when receipts increased 1.1 percent, before declining 0.9 percent in FY 2023. Receipts are projected to increase 0.9 percent in FY 2024 and remain level in FY 2025.

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 2025	Natural Gas Customer Class	Monthly Tax FY 2001-FY 2025
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 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$26,774,826	$26,813,573	$27,131,196	$27,538,164	$27,538,164	$0	0.0%

The FY 2025 Adopted Budget Plan estimate for Vehicle Registration Fee revenue of $27,538,164 reflects no change from the FY 2025 Advertised Budget Plan and an increase of $406,968 or 1.5 percent compared to the *FY 2024 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. During the fall 2023 review of revenues, the FY 2024 revenue estimate was increased by $0.3 million based on year-to-date collection 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 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$22,259,139	$23,077,522	$23,550,000	$24,021,000	$25,551,000	$1,530,000	6.4%

The FY 2025 Adopted Budget Plan estimate for Transient Occupancy Tax (TOT) of $25,551,000 reflects an increase of $1,530,000 or 6.4 percent over the FY 2025 Advertised 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.

From FY 2015 through FY 2019, average annual growth in Transient Occupancy receipts was 3.4 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. FY 2022 collections partially recovered and increased 135.8 percent compared to FY 2021. However, the FY 2022 level was still well below the pre-pandemic collections, as business travel was slow to recover. FY 2023 collections continued to have a robust recovery, increasing a strong 42.2 percent compared to FY 2022 and bringing the collections back to near pre-pandemic level. As part of the fall 2023 revenue review, the FY 2024 estimate was increased by $472,478 based on actual FY 2023 receipts and year-to-date collection trends through December, reflecting an increase of 5.8 percent over the previous fiscal year. While no adjustment was made to the FY 2024 Transient Occupancy Tax revenue estimate as part of the *FY 2024 Third Quarter Review*, based on stronger than initially anticipated actual collections year-to-date through March 2024, the FY 2024 budget estimate is expected to be surpassed by $1,500,000 by year-end. As a result, the revised FY 2025 estimate reflects an increase of 2.0 percent over the anticipated FY 2024 level at year-end, the same growth rate assumed in the FY 2025 Advertised Budget Plan.

Cigarette Tax

CIGARETTE TAX

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$4,516,087	$4,262,574	$4,075,000	$5,161,680	$5,161,680	$0	0.0%

The FY 2025 Adopted Budget Plan estimate for Cigarette Tax of $5,161,680 reflects no change from the FY 2025 Advertised Budget Plan and an increase of $1,086,680 or 26.7 percent over the *FY 2024 Revised Budget Plan*. It should be noted that this level of revenue includes the Board approved increase in the cigarette tax rate from 30 cents per pack to 40 cents per pack effective July 1, 2024. This is the maximum rate that counties are allowed to levy in Virginia. During the 2020 General Assembly, new legislation authorized all counties in Virginia to impose cigarette taxes at a rate not to exceed 40 cents per pack.

Cigarette Tax receipts have been down for eleven consecutive years, decreasing 3.7 percent in FY 2023. As part of the fall 2023 revenue review, the FY 2024 estimate was reduced by $187,574 based on actual FY 2023 receipts and year-to-date collection trends, reflecting a decrease of 9.8 percent from the previous fiscal year. FY 2025 Cigarette Tax receipts are anticipated to increase by 26.7 percent primarily as a result of the new tax rate.

Permits, Fees and Regulatory Licenses

PERMITS, FEES AND REGULATORY LICENSES

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$9,839,241	$9,835,922	$9,788,910	$12,654,661	$11,430,461	($1,224,200)	(9.7%)

The FY 2025 Adopted Budget Plan estimate for Permits, Fees, and Regulatory Licenses of $11,430,461 reflects a decrease of $1,224,200 or 9.7 percent from the FY 2025 Advertised Budget Plan. As part of the FY 2025 budget development process, County staff conducted a review of General Fund user fees with a focus on maximizing cost recovery and consistency with other jurisdictions. As a result, a number of revenue enhancements were recommended, including adjustments in Zoning fees, Fire Prevention Code Permits and Fire Marshal fees. After holding a public hearing on April 16, 2024, the Board of Supervisors voted to phase in the fee adjustments over a two-year period, resulting in a 50 percent reduction from the increases as originally proposed in the FY 2025 Advertised Budget Plan. Zoning fees will be increased by approximately 17.5 percent in FY 2025 and another 17.5 percent in FY 2026. These Zoning fee increases are anticipated to generate increased revenues of $490,000 in FY 2025. The Fire Marshal Fees and Fire Prevention Code Permit fees will be increased by approximately 15 percent in FY 2025 and another 15 percent in FY 2026. These Fire Marshal fee increases are anticipated to generate increased revenues of approximately $734,200 in FY 2025. It should be noted that Zoning fees have not been comprehensively adjusted since 2011, and the last time the Fire Prevention Code Permits and Fire Marshal fees were adjusted was in 2015.

The *FY 2024 Revised Budget Plan* estimate for Permits, Fees, and Regulatory Licenses of $9,788,910 reflects a net decrease of $47,012, or 0.5 percent, from the FY 2024 Adopted Budget Plan estimate based on actual FY 2023 receipts and collection trends year-to-date in FY 2024.

Fines and Forfeitures

FINES AND FORFEITURES

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$7,873,896	$7,476,019	$8,380,710	$8,513,504	$9,214,101	$700,597	8.2%

The FY 2025 Adopted Budget Plan estimate for Fines and Forfeitures of $9,214,101 reflects an increase of $700,597 or 8.2 percent over the FY 2025 Advertised Budget Plan as a result of additional revenue anticipated from the expansion of the Photo Speed Enforcement Program. This is consistent with a recurring revenue adjustment of $0.1 million included in the *FY 2024 Third Quarter Review*. 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. In addition, a number of revenue categories, which were impacted during the COVID-19 pandemic, are anticipated to continue to recover in FY 2025.

The FY 2024 estimate for Fines and Forfeitures was increased by a net $0.9 million during the fall 2023 revenue review and the *FY 2024 Third Quarter Review*. General District Court Fines revenue was up 25.5 percent through December and the revised FY 2024 estimate was increased by $816,655. Alarm Ordinance Violations revenue was down 24.8 percent through December and the revised FY 2024 estimate was reduced by $125,563. In addition, several other Fines and Forfeitures revenue categories have recovered from the negative pandemic impact and were adjusted as part of the *FY 2024 Revised Budget Plan*.

Investment Interest

INVESTMENT INTEREST

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$116,296,231	$124,501,922	$154,435,014	$152,791,044	$163,924,601	$11,133,557	7.3%

The FY 2025 Adopted Budget Plan estimate for Investment Interest of $163,924,601 reflects an increase of $11,133,557 or 7.3 percent over the FY 2025 Advertised Budget Plan. Based on the release of additional economic data and projections regarding potential Federal Reserve action on interest rates, staff increased its revenue forecast for Investment Interest. As Federal Reserve action on rates is now anticipated to occur later in the year, additional revenue of $11.1 million can be recognized, with reductions in this category anticipated in future years. 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. 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 just 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.

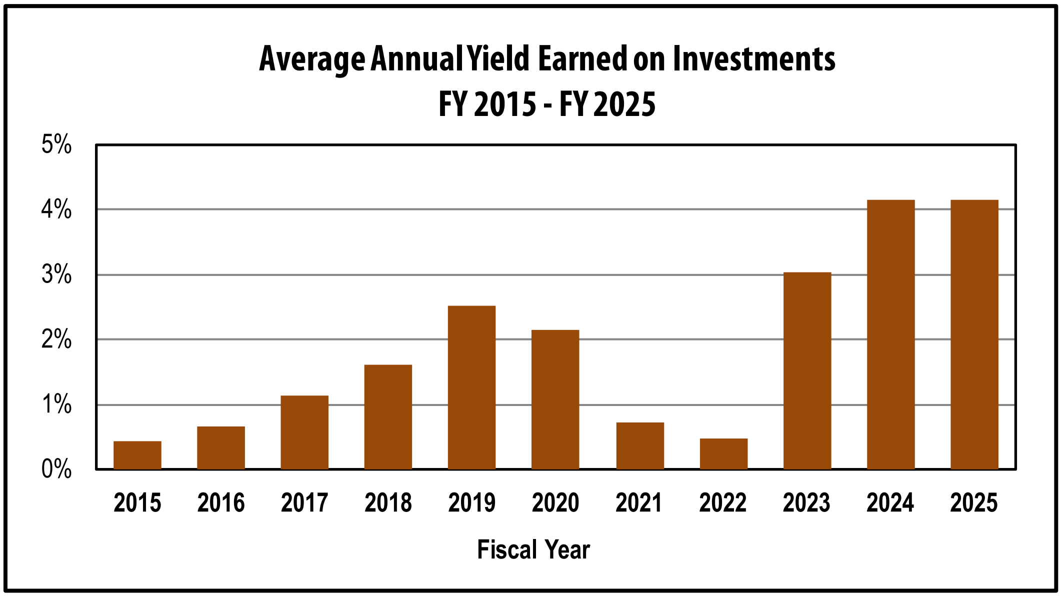
In the face of the coronavirus crisis, the Federal Reserve implemented two emergency rate cuts in the beginning of March 2020 and took the benchmark interest rate to near zero. The Fed's actions negatively impacted the earnings that the County generated on its portfolio investments. General Fund Investment Interest revenue in FY 2021 declined by $41.1 million, or 64.2 percent, from the FY 2020 level and the average yield was 0.72 percent. FY 2022 revenue declined another 25.1 percent and was $17.2 million with an average yield of just 0.48 percent.

In 2022, the Fed pivoted toward tighter monetary policy in the face of persistently high inflation and tight labor market and raised the Fed funds rate at an unprecedented pace. With the last hike in summer 2023, the Fed moved the target range to 5.25-5.50 percent, 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 in FY 2023, earning $116.3 million with a yield of 3.03 percent, which is an increase of $99.1 million compared with 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. The FY 2024 estimate of $154.4 million reflects an increase of $38.1 million over the FY 2023 level and is based on a projected average yield of 4.15 percent. While no adjustments to the FY 2024 projected average yield and revenue were included in the *FY 2024 Third Quarter Review*, it is expected that the FY 2024 budget estimate will be surpassed at year-end.

The projected FY 2025 Investment Interest revenue of $163.9 million assumes an average annual yield of 4.15 percent and a General Fund percentage net of administrative fees of 80.0 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.

The following table shows the yield earned on investments since FY 2015.



Charges for Services

CHARGES FOR SERVICES

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$62,976,188	$63,309,540	$67,566,065	$69,058,078	$69,024,437	($33,641)	(0.0%)

The FY 2025 Adopted Budget Plan estimate for Charges for Services revenue of $69,024,437 reflects a decrease of $33,641 from the FY 2025 Advertised Budget Plan. Consistent with the actions taken by the Board, the proposed increases in senior center membership fees will be phased in over a two-year period to moderate the impact on residents at a cost of $33,641 compared to the FY 2025 Advertised Budget Plan. The FY 2025 revenue increase relative to FY 2024 is primarily the result of projected increases in School-Age Child Care (SACC) revenues and Emergency Medical Services (EMS) Transport fee revenue.

SACC fees of $29.1 million comprise 42.2 percent of the total Charges for Services category. In FY 2025, SACC fees revenue is projected to grow $0.8 million over the FY 2024 estimate. The Emergency Medical Services (EMS) Transport fees, which comprise 36.8 percent of the total Charges for Services category, are projected to increase $0.7 million over the FY 2024 estimate. In addition, based on a review of County user fees and charges, several revenue enhancements were approved for FY 2025 and are estimated to generate an additional $0.4 million in FY 2025. It should be noted that partially offsetting this increase is a decrease of $0.6 million in Non-County Resident Sport Fees revenue. This revenue had previously been reflected in the General Fund; however, beginning in FY 2025, all revenue associated with field use will be reflected in Fund 30010, General Construction and Contributions, and directly applied to the Athletic Sports Program.

During the fall 2023 revenue review, the FY 2024 estimate for Charges for Services was increased a net $4.3 million. The Emergency Medical Services (EMS) Transport fees revenue estimate was increased by $0.4 million, and the SACC fees estimate was increased by $3.3 million, based on actual FY 2023 receipts and year-to-date collection trends. Partially offsetting this increase is a decrease of $0.3 million in projected County Clerk fees based on collection trends.

Recovered Costs/Other Revenue

RECOVERED COSTS / OTHER REVENUE

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$19,823,365	$17,419,244	$18,234,080	$20,363,644	$20,363,644	$0	0.0%

The FY 2025 Adopted Budget Plan estimate for Recovered Costs/Other Revenue of $20,363,644 reflects no change from the FY 2025 Advertised Budget Plan and an increase of $2,129,564 or 11.7 percent over the *FY 2024 Revised Budget Plan*. The increase is primarily associated with the projected billings for the City of Fairfax Shared Governmental Expenses and Public Assistance reimbursement in FY 2025.

During the fall 2023 revenue review, the estimate for Recovered Costs/Other Revenue was increased a net $1.1 million over the FY 2024 Adopted Budget Plan estimate. The increase was mainly due to adjusting the estimate for School Health Reimbursement based on the anticipated revenue to be received in FY 2024.

Revenue from the Commonwealth/Federal Government

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT[1]

FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted	Increase/ (Decrease)	Percent Change
$154,657,550	$155,300,858	$155,679,257	$155,453,973	$158,147,212	$2,693,239	1.7%

[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 2025 Adopted Budget Plan estimate for Revenue from the Commonwealth and Federal Government of $158,147,212 reflects an increase of $2,693,239 or 1.7 percent over the FY 2025 Advertised Budget Plan based on anticipated compensation adjustments for state supported local employees, increased State Aid to Localities with Police Departments (HB 599), and increased State Aid to Local Public Libraries.

The *FY 2024 Revised Budget Plan* estimate for Revenue from the Commonwealth and Federal Government was increased by a net $0.4 million as part of the *FY 2024 Third Quarter Review*, including $0.9 million from the Commonwealth for reimbursement of costs associated with the March 2024 Presidential Primary, $0.5 million in revenue as a result of federal funding for mandated Refugee Assistance Program for Afghan evacuees who have settled in Fairfax County, and $0.1 million associated with additional Community Services Block Grant funding received from the state in FY 2024. These increases were 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 provide