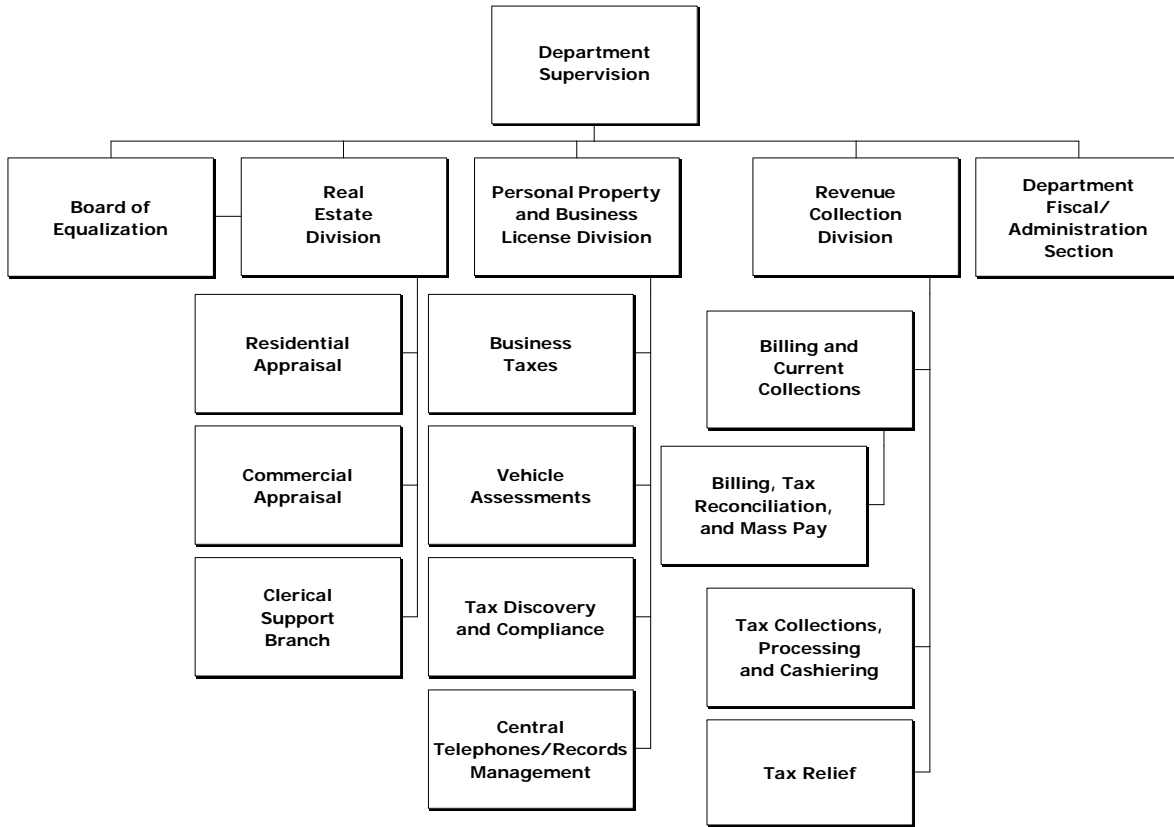


Department of Tax Administration



Mission

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

AGENCY DASHBOARD			
Key Data	FY 2014	FY 2015	FY 2016
1. Fairfax County Population	1,116,246	1,120,875	1,125,400
2. Number of Parcels to Assess	359,099	359,087	359,509
3. Number of Registered Vehicles	979,424	979,836	980,114
4. Number of Registered Businesses	48,202	47,722	48,002
5. Phone Calls Received	354,298	344,879	349,648
6. E-Commerce Transactions (credit card, e-check, e-mails, letters, forms)	441,631	459,923	502,040

Department of Tax Administration

Focus

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

DTA is committed to outstanding communication and promoting an empowered and well-informed community. DTA has maintained a continued growth in workforce diversity. Such diversity allows the department to address the concerns and language needs of the varied population of Fairfax County, both now and in the future. In FY 2018, DTA will continue to focus on efforts to increase citizens' secure access to pertinent tax information. In September 2015, the Department of Information Technology (DIT) and DTA launched the MyFairfax secure e-commerce web portal that allows taxpayers to directly access their own real estate and personal property tax accounts, to include payment history. Citizens are able to establish a secure online account through MyFairfax. This account enables citizens to make tax payments; research accounts receivable information for current and past year taxes; and register new properties for taxation. Once an account is established, citizens are able to manage their tax information online, thereby decreasing the need to visit the Government Center or telephone the department for assistance. In future phases, DTA will also begin offering electronic billing through the portal. This would allow DTA to realize savings from postage and envelopes.

DTA appraisers in the Real Estate cost center handle the assessment of all residential and commercial properties. The real estate taxes generated from assessments account for almost 65 percent of all General Fund revenue. Beginning in FY 2009, real estate values in Fairfax County and the rest of the nation suffered from the effects of recession, as evidenced by sharp increases in foreclosure rates. Residential values began to stabilize in FY 2011 and since that time, values have increased modestly. Some neighborhoods that experienced significant foreclosure rates during the recession experienced sharper post-recession increases in value, due to the rebound effect as the market absorbed the distressed properties. For FY 2018, the residential market is expected to continue the pattern of modest increases, anticipating that the Federal Reserve will exercise caution with expected interest rate increases. Commercial values have been constrained by changes in the office market. Most submarkets are experiencing double-digit vacancy rates, as tenants have cut back on space requirements. Secondary markets have also suffered from a flight to quality as new office construction along the Silver Line Corridor continues at a robust level.

In FY 2018, the Personal Property and Business License cost center will continue to identify businesses that have not registered with the County. Quality control efforts concerning the vehicle database and requirements under the Personal Property Tax Relief Act (PPTRA) will continue to be high priorities in FY 2018. This cost center will also continue efforts to ensure all vehicles are properly registered with the County. The annual \$250 penalty and \$100 tax on all vehicles not properly displaying a current Virginia license plate, which was adopted in FY 2010 and amended in FY 2017, is one

The Department of Tax Administration supports the following County Vision Elements:



Maintaining Safe and Caring Communities



Connecting People and Places



Maintaining Healthy Economies



Exercising Corporate Stewardship

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tool that will continue to be used for this purpose. DTA also partnered with the Office of the Sheriff and the Police Department in reporting potential tax evaders. This cost center has also partnered with Lexis/Nexis in streamlining the out-of-state plate research process. This partnership is incorporating data analytics and automation in the traditionally manual out-of-state plate research process.

The Personal Property and Business License cost center also staffs DTA's main telephone call center. Using the Avaya phone system, DTA's call center is able to track the call volume and wait times. This helps supervisors make quicker and better decisions on work flow matters. Additionally, with the Avaya Call Management System (CMS), DTA has a reporting system which provides detailed statistics on staff performance. This information acts as a catalyst to encourage staff to stay focused and provide the best possible service. Calls coming into the call center cross internal division boundaries. On average, the main call center runs about a two minute wait for service. As call volume spikes at peak times during the year, other DTA divisions provide expansion capacity whereby staff can be immediately added to the call center to bring the wait time down.

Recently, the Personal Property and Business License cost center worked in conjunction with DIT to update the dog licensing system. A new process was necessary because veterinarians are now required by state law to notify jurisdictions of dogs they vaccinate for rabies. Through software customization, this updated system permits the tracking of rabies vaccinations administered by veterinarians and produces the required notices (certificates/licenses). Another process currently in production is an online portal for dog owners to report when they no longer own a dog. A total of 6,461 transactions were entered by taxpayers between July 1, 2015 and June 30, 2016 on this dog site. DTA and DIT hope to migrate dog records to MyFairfax in FY 2018.

Staff in the Revenue Collection cost center work to ensure that current year collection rates are maintained, as this provides necessary revenue and helps minimize the amount of unpaid receivables accumulated over time. Each year, outstanding receivables are collected as delinquent revenue. Collection work is a function of data accuracy (i.e., finding and contacting the property owner), as well as economic conditions. When the economy falters, collecting can become more difficult. For example, when bankruptcies occur, collection work becomes harder and impacts collection rates. Conversely, a strong real estate market, coupled with low interest rates, typically stimulates a wave of mortgage refinancing, helping to boost real estate collections. Along with other collection tools, accounts over 90 days old are outsourced to private collection agents, under the oversight and control of DTA. This was a major cost saving initiative approved in recent years by the Board of Supervisors. Assistance is also provided by the Fairfax County Police Department, which tows vehicles with outstanding parking tickets. Similarly, the Sheriff's Office executes boots and tows at the direction of this cost center.

On July 31, 2012, the Board of Supervisors adopted new ordinance sections that established a uniform bad check fee of \$50, and instituted late payment penalties and interest for delinquent non-tax receivables. As part of its collection oversight role, DTA has worked with agencies to standardize billing notices to warn of the additional expense and potential collection actions associated with delinquencies. Additionally, the Revenue Collection cost center staffs the full service cashiering counters at the Government Center. When traffic at the Government Center is extremely heavy, employees are redeployed to front-line cashiering service from other cost centers in an effort to provide responsive customer service. Efforts to reduce walk-in traffic include the promotion of online registration of new vehicles, online payment of taxes, and the elimination of vehicle decals. The cost center, in a further effort to enhance customer service, continues to promote the use of Global Express Bill Payment Centers. Global Express Centers operate at certain retail locations, such as Shoppers Food & Pharmacy, located throughout the County. Global Express Centers only accept cash payments for the Fairfax County

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personal property taxes. Bank of America has various branch locations that participate in the Pay at Bank program. The bank locations accept both cash and check payments for personal property taxes. This wide variety of locations makes it more convenient for citizens to pay their personal property bills and real estate tax bills.

The Tax Relief Outreach Program, which is part of the Revenue Collection Division, remains an instrumental program which provides County residents with on-site assistance and eligibility information regarding tax relief. Staff in the Real Estate Tax Relief Program for seniors and people with disabilities has intensified efforts to educate eligible residents about the program through public outreach initiatives, such as sending staff to speak at community meetings, senior centers, and places of worship throughout the County.

Budget and Staff Resources

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$17,771,954	\$18,544,376	\$18,744,376	\$18,904,884	\$18,904,884
Operating Expenses	5,975,999	5,665,489	5,710,372	5,665,489	5,665,489
Capital Equipment	10,950	0	0	0	0
Total Expenditures	\$23,758,903	\$24,209,865	\$24,454,748	\$24,570,373	\$24,570,373
Income:					
Land Use Assessment Application Fees	\$792	\$1,241	\$792	\$792	\$792
Fees for Collection of Delinquent Taxes	1,953,529	2,053,444	1,912,385	1,912,385	1,912,385
State Shared DTA Expenses	1,808,080	1,769,020	1,769,020	1,769,020	1,819,690
State Shared Retirement - DTA	36,900	46,593	46,593	46,593	46,593
Total Income	\$3,799,301	\$3,870,298	\$3,728,790	\$3,728,790	\$3,779,460
NET COST TO THE COUNTY	\$19,959,602	\$20,339,567	\$20,725,958	\$20,841,583	\$20,790,913
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	283 / 283	283 / 283	283 / 283	282 / 282	282 / 282

FY 2018 Funding Adjustments

The following funding adjustments from the FY 2017 Adopted Budget Plan are necessary to support the FY 2018 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on May 2, 2017.

- ◆ **Employee Compensation** **\$343,193**
An increase of \$343,193 in Personnel Services is for performance-based and longevity increases for non-uniformed merit employees effective July 2017.

- ◆ **Alignment of Positions** **(\$82,685)**
A decrease of \$82,685 in Personnel Services reflects the transfer of 1/1.0 FTE position and funding of \$82,685 from the Department of Tax Administration to the Department of Management and Budget. This transfer will more appropriately align the work performed by the position.

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- ◆ **Personal Property Tax Relief Act Compliance Program and Target Tax Evader Program** **\$100,000**
 An increase of \$100,000 in Personnel Services is included for new non-merit limited term employees to help with the workload resulting from the reallocation of existing staff members to implement revenue enhancements, which will generate \$700,000 in additional General Fund revenue. Additional details of the revenue enhancements are provided below.

- ◆ **Reductions** **\$0**
 No expenditure reductions to balance the FY 2018 budget are included in this department; however, opportunities generating \$600,000 in General Fund revenue have been identified.

Title	Impact	Posn	FTE	Reduction
Implement Car Tax Subsidy (PPTRA) Compliance Program Revenue Enhancement	The PPTRA Compliance Audit Program currently adds approximately \$1 million to the Delinquent Personal Property Tax roll. In Calendar Year 2016, DTA staff worked on Tax Year 2013, reviewing information received from state tax returns. This revenue enhancement shifts two existing staff members to the program area to begin the auditing process sooner. In Calendar Year 2017, DTA will complete audits for tax years 2014 and 2015, rather than just tax year 2014. This will generate \$500,000 in additional revenue in FY 2018. Funding of \$50,000 is included to cover the costs of a new non-merit limited term employee to help with the existing workload resulting from the reallocation of two existing staff members to the Compliance Audit Program, for a net revenue increase of \$450,000.	0	0.0	\$0

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Title	Impact	Posn	FTE	Reduction
Implement Target Program Revenue Enhancement	The Target Program is currently adding approximately \$2 million to the Personal Property Tax Roll. Target Program staff currently splits its time between canvassing assigned districts and researching and assessing Personal Property taxes back in the office. This revenue enhancement creates a Target Drive-By Team consisting of one existing merit and one existing non-merit limited term position to be reallocated from other sections. The two employees will focus on canvassing all districts to identify out-of-state plates for potential property tax evasion, allowing existing Target Program staff to concentrate all of its efforts on the research and subsequent assessment of Personal Property taxes. This will generate \$200,000 in additional revenue. Funding of \$50,000 is included to cover the costs of a new non-merit limited term employee to help with existing workload resulting from the reallocation of resources to the Target Program, for a net revenue increase of \$150,000.	0	0.0	\$0

Changes to FY 2017 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2017 Revised Budget Plan since passage of the FY 2017 Adopted Budget Plan. Included are all adjustments made as part of the FY 2016 Carryover Review, FY 2017 Third Quarter Review, and all other approved changes through April 30, 2017.

- ◆ **Carryover Adjustments** **\$44,883**
 As part of the FY 2016 Carryover Review, the Board of Supervisors approved encumbered funding of \$44,883 in Operating Expenses primarily associated with postage in FY 2017.
- ◆ **Third Quarter Adjustments** **\$200,000**
 As part of the FY 2017 Third Quarter Review, the Board of Supervisors approved an increase of \$200,000 for the Department of Tax Administration to cover a projected shortfall in Personnel Services based on actual salary requirements and leave payout costs. Due to the increased number of employees who have retired or will retire in FY 2017 and the associated leave payouts, there is limited ability to absorb significant unbudgeted expenses of this nature.

Cost Centers

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

Department of Tax Administration

Department Supervision

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

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$2,020,068	\$1,654,697	\$1,654,697	\$1,377,313	\$1,377,313
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	14 / 14	14 / 14	9 / 9	9 / 9	9 / 9
<u>Department Administration</u>		<u>Department Technical Section</u>			
1 Director of Tax Administration		1 Management Analyst IV			
1 Administrative Assistant IV		2 Business Analysts IV			
		1 Administrative Assistant V			
		1 Administrative Assistant IV			
		1 Accountant III			
		1 IT Program Manager I			
TOTAL POSITIONS					
9 Positions / 9.0 FTE					

Real Estate

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

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$7,420,816	\$8,906,681	\$9,112,824	\$9,067,124	\$9,067,124
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	108 / 108	108 / 108	109 / 109	109 / 109	109 / 109
<u>Director of Real Estate</u>		<u>Residential Appraisal</u>		<u>Clerical Support Branch</u>	
2 Assistant Directors	9	9 Supervising Appraisers		1 Management Analyst III	
1 Management Analyst III	17	17 Senior Appraisers		2 Management Analysts II	
1 Administrative Assistant III	29	29 Appraisers		3 Administrative Assistants V	
				3 Administrative Assistants IV	
				17 Administrative Assistants III	
<u>Board of Real Estate</u>		<u>Commercial Appraisal</u>			
<u>Assessments Equalization</u>		5 Supervising Appraisers			
1 Administrative Assistant III	17	17 Senior Appraisers			
TOTAL POSITIONS					
109 Positions / 109.0 FTE					

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Personal Property and Business License

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

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$6,700,051	\$6,201,442	\$6,201,442	\$6,326,292	\$6,326,292
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	102 / 102	102 / 102	103 / 103	101 / 101	102 / 102
1 Director		<u>Tax Discovery and Compliance</u>		<u>Central Telephones and Records Management</u>	
2 Assistant Directors	1	Management Analyst III		Management Analyst II	
1 Business Analyst IV	3	Management Analysts II		1 Management Analyst II	
1 Management Analyst III	6	Auditors III		4 Administrative Assistants IV	
1 Accountant II	13	Business Tax Specialists II		15 Administrative Assistants III	
1 Administrative Assistant III	2	Administrative Assistants V		2 Administrative Assistants I	
0 Financial Specialists III (-1T)	15	Administrative Assistants III			
				<u>Business Taxes</u>	
				1 Administrative Assistant IV	
				1 Business Tax Specialist II	
				<u>Vehicle Assessments</u>	
1 Management Analyst II					
1 Business Tax Specialist II					
1 Administrative Assistant V					
12 Administrative Assistants IV					
16 Administrative Assistants III					
TOTAL POSITIONS					
102 Positions (-1T) / 102.0 FTE (-1.0T)					
T Denotes Transferred Position					

Revenue Collection

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

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
EXPENDITURES					
Total Expenditures	\$7,617,968	\$7,447,045	\$7,485,785	\$7,799,644	\$7,799,644
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	59 / 59	59 / 59	62 / 62	63 / 63	62 / 62

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1 Director	<u>Delinquent Tax Collections,</u>	<u>Billing, Taxes Reconciliation,</u>
1 Management Analyst IV	<u>Processing, and Cashiering</u>	<u>and Mass Pay</u>
1 Administrative Assistant III	1 Management Analyst III	1 Management Analyst III
	4 Management Analysts II	1 Management Analyst II
<u>Tax Relief</u>	5 Administrative Assistants V	4 Administrative Assistants V
1 Financial Specialist IV	7 Administrative Assistants IV	3 Administrative Assistants IV
1 Management Analyst II	16 Administrative Assistants III	12 Administrative Assistants III
2 Management Analysts I		
1 Administrative Assistant IV		

TOTAL POSITIONS
62 Positions / 62.0 FTE

Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate/Actual	FY 2017	FY 2018
Department Supervision					
Percent change in 24/7 e-commerce transactions	3.8%	4.1%	5.0%/9.2%	4.0%	4.0%
Percent variance between estimated and actual revenues	0.1%	0.1%	0.1%/0.1%	0.1%	0.1%
Percentage of phone calls answered	86.4%	87.6%	87.0%/92.9%	90.0%	90.0%
Real Estate Division					
Coefficient of Dispersion	3.9	3.9	3.6/3.5	3.5	3.5
Personal Property and Business License Division					
Exonerations as a percent of total assessments	3.7%	4.0%	4.0%/3.4%	3.5%	3.5%
Revenue Collection Division					
Percent of current year taxes collected: Real Estate	99.74%	99.77%	99.70%/99.75%	99.70%	99.70%
Percent of current year taxes collected: Personal Property ¹	97.35%	98.35%	98.00%/98.5%	98.00%	98.00%
Percent of current year taxes collected: BPOL	95.64%	97.57%	98.50%/98.08%	98.50%	98.50%
Percent of unpaid accounts receivable collected	33%	30%	30%/25%	25%	25%

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

A complete list of performance measures can be viewed at www.fairfaxcounty.gov/dmb/fy2018/adopted/pm/57.pdf

Department of Tax Administration

Performance Measurement Results

In accordance with DTA's strategic plan to promote taxpayer empowerment and more convenient access to information, performance measures have been developed to assess e-commerce efforts. The tremendous growth in the use of technology has resulted in significant efficiencies for both the public and DTA staff. The 24/7 e-commerce transactions include e-mails to DTA, online vehicle registrations, automated tax evader tips, e-check payments, and online credit card payments. In FY 2016, the department processed over 502,000 e-commerce transactions totaling over \$305 million dollars.

FY 2016 data indicate an assessment-to-sales ratio of 94.8 percent. This was well within the target of the low 90 percent range and reflects the department's assessment of real estate at fair market value. Further evidence of DTA's fair and equitable assessment practices is found in the low coefficient of dispersion of 3.5 in FY 2016. A low coefficient indicates that similar properties are assessed uniformly and, hence, equitably. A coefficient of 15 is considered good, while actual values indicate excellent uniformity.

In FY 2016, the cost per dollar of Personal Property and BPOL levy was \$0.01, consistent with the target, and exonerations were 3.4 percent of the total tax levy. Exonerations occur after a record has been assessed and levied. Although some level of records will always change after the fact due to prorating, the objective is to bill records correctly the first time and minimize subsequent adjustments. Exonerations of no more than 5 percent indicate excellent billing practices. In FY 2017 and FY 2018, exonerations are projected to be between the 3.5 - 4.0 percent benchmark.

Collection rates remain especially strong in all tax categories, as well as the collection of unpaid parking tickets. The collection rate for real estate taxes was 99.75 percent in FY 2016, reflecting a superb collection effort by the Revenue Collection cost center. The vehicle portion of the Personal Property Tax is composed of two parts, that which is paid by citizens locally and that which is reimbursed by the Commonwealth of Virginia to the County as a result of the Personal Property Tax Relief Act (PPTRA). The local collection rate for personal property tax was 98.5 percent in FY 2016. A collection rate of 98.08 percent was achieved for Business, Professional and Occupational License taxes in FY 2016. DTA will continue to work diligently to maintain high collection rates during FY 2017 and FY 2018.