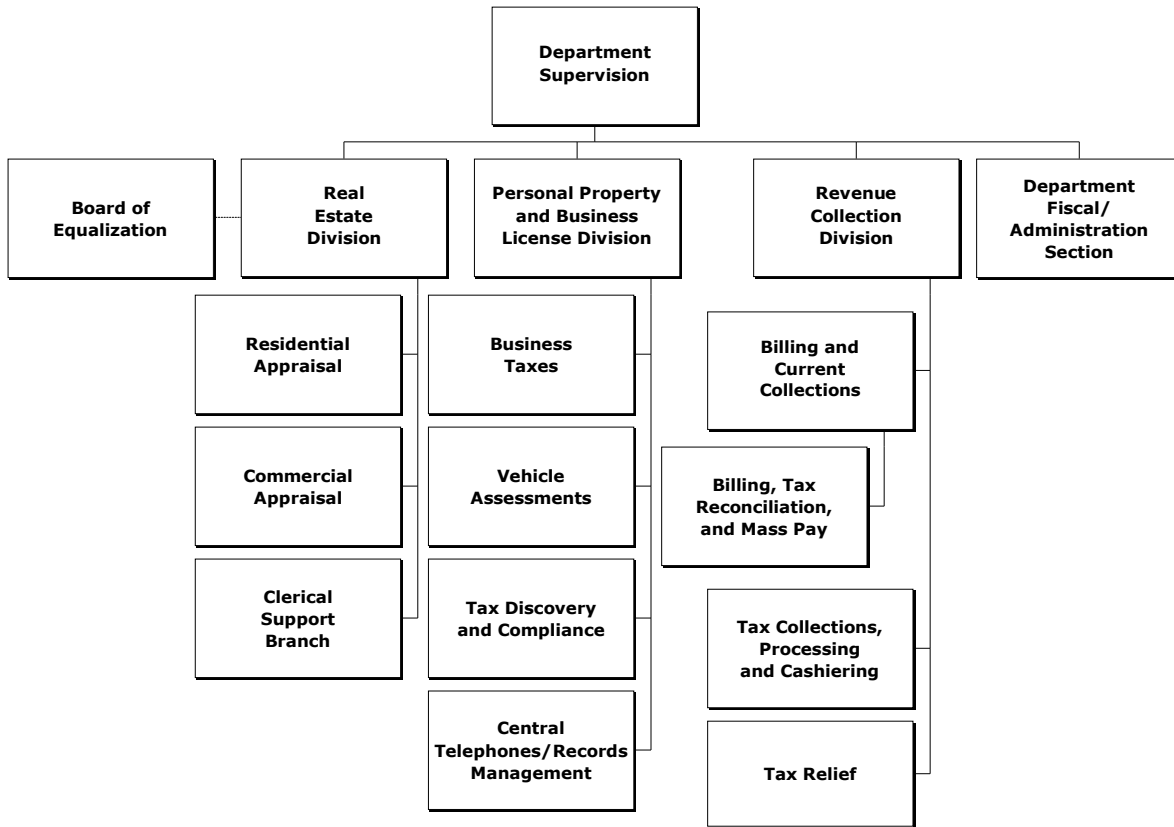


# Department of Tax Administration



## 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 2015   | FY 2016   | FY 2017   |  |
| 1. Fairfax County Population   | 1,120,875 | 1,125,400 | 1,138,378 |  |
| 2. Number of Parcels to Assess   | 359,087   | 359,509   | 360,479   |  |
| 3. Number of Registered Vehicles   | 979,836   | 980,114   | 986,610   |  |
| 4. Number of Registered Businesses   | 47,722    | 48,002    | 50,184    |  |
| 5. Phone Calls Received  | 344,879   | 349,648   | 357,794   |  |
| 6. E-Commerce Transactions (credit card, e-check, e-mails, letters, forms) | 459,923   | 502,040   | 512,742   |  |

# 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 2019, DTA will continue to focus on efforts to increase citizens' secure access to pertinent tax information. In FY 2016, DTA and the Department of Information Technology (DIT) launched the MyFairfax secure e-commerce web portal that allows taxpayers to directly access their own real estate and personal property tax accounts, 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 should allow DTA to realize savings in postage expenditures.

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 over 65 percent of all General Fund revenue. The residential real estate market in FY 2019 is expected to continue the recent pattern of modest 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 2019, 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 2019. 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 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

**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***

## Department of Tax Administration

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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 slightly less than a three-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 7,087 transactions were entered by taxpayers between July 1, 2016 and June 30, 2017 on this dog site. DTA and DIT hope to migrate dog records to MyFairfax in FY 2019.

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 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.

# Department of Tax Administration

## Budget and Staff Resources

| Category   | FY 2017<br>Actual   | FY 2018<br>Adopted  | FY 2018<br>Revised  | FY 2019<br>Advertised |
|--|---------------------|---------------------|---------------------|-----------------------|
| <b>FUNDING</b>   |                     |                     |                     |                       |
| <b>Expenditures:</b>                                   |                     |                     |                     |                       |
| Personnel Services                                     | \$17,990,154        | \$18,904,884        | \$18,904,884        | \$20,201,761          |
| Operating Expenses                                     | 6,382,174           | 5,665,489           | 5,698,134           | 5,740,489             |
| Capital Equipment                                      | 0                   | 0                   | 30,345              | 0                     |
| <b>Total Expenditures</b>                              | <b>\$24,372,328</b> | <b>\$24,570,373</b> | <b>\$24,633,363</b> | <b>\$25,942,250</b>   |
| <b>Income:</b>   |                     |                     |                     |                       |
| Land Use Assessment Application Fees                   | \$203               | \$792               | \$792               | \$792                 |
| Fees for Collection of Delinquent Taxes                | 1,901,233           | 1,912,385           | 1,946,020           | 1,946,020             |
| State Shared DTA Expenses                              | 1,815,513           | 1,819,690           | 1,819,690           | 1,819,690             |
| State Shared Retirement - DTA                          | 36,461              | 46,593              | 46,593              | 46,593                |
| <b>Total Income</b>                                    | <b>\$3,753,410</b>  | <b>\$3,779,460</b>  | <b>\$3,813,095</b>  | <b>\$3,813,095</b>    |
| <b>NET COST TO THE COUNTY</b>                          | <b>\$20,618,918</b> | <b>\$20,790,913</b> | <b>\$20,820,268</b> | <b>\$22,129,155</b>   |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                     |                     |                     |                       |
| Regular  | 283 / 283           | 282 / 282           | 283 / 283           | 288 / 288             |

## FY 2019 Funding Adjustments

The following funding adjustments from the FY 2018 Adopted Budget Plan are necessary to support the FY 2019 program.

- ◆ **Employee Compensation** **\$906,164**

An increase of \$789,864 in Personnel Services includes \$425,358 for a 2.25 percent market rate adjustment (MRA) for all employees and \$364,506 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2018. An additional \$116,300 is associated with a position added in FY 2018 as a result of workload requirements.
  
- ◆ **Service Enhancements** **\$465,713**

An increase of \$465,713, including \$390,713 in Personnel Services and \$75,000 in Operating Expenses, is associated with 5/5.0 FTE positions to add capacity in the Real Estate Division, enhance Personal Property and Business tax audit operations, and improve service quality in the call center. The continued urbanization of the County is leading to redevelopment of areas newly served by Metro rail along the Silver Line Corridor. These areas are seeing new office and complex mixed use development, which presents new challenges to the Real Estate Division. To capture the value of high density rezonings and new construction, the department needs enhanced staff capacity. In addition, the Personal Property and Business License Division needs to be properly staffed to ensure compliance and to handle increased workload for audit staff because of anticipated growth in the number of businesses in redevelopment areas. Also, additional capacity in DTA's customer service call center will allow it to be properly staffed, mitigating the need to pull staff from other divisions, particularly staff from the Revenue Collection Division, whose main focus should be revenue generation. The expenditure increase is fully offset by an increase in revenue generated as a result of the service enhancements for no net impact to the General Fund.

# Department of Tax Administration

## Changes to FY 2018 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2018 Revised Budget Plan since passage of the FY 2018 Adopted Budget Plan. Included are all adjustments made as part of the FY 2017 Carryover Review, and all other approved changes through December 31, 2017.

- ◆ **Carryover Adjustments** \$62,990  
As part of the FY 2017 Carryover Review, the Board of Supervisors approved encumbered funding of \$62,990 in Operating Expenses associated with postage.
  
- ◆ **Position Adjustment** \$0  
During FY 2018, the County Executive approved the redirection of 1/1.0 FTE position to DTA due to workload requirements.

## Cost Centers

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

### Department Supervision

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

| Category   | FY 2017<br>Actual | FY 2018<br>Adopted                         | FY 2018<br>Revised | FY 2019<br>Advertised |
|--|-------------------|--|--------------------|-----------------------|
| <b>EXPENDITURES</b>                                    |                   |  |                    |                       |
| Total Expenditures                                     | \$2,590,075       | \$1,377,313                                | \$1,377,313        | \$1,518,647           |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                   |  |                    |                       |
| Regular  | 9 / 9             | 9 / 9                                      | 8 / 8              | 8 / 8                 |
| <b><u>Department Administration</u></b>                |                   | <b><u>Department Technical Section</u></b> |                    |                       |
| 1 Director of Tax Administration                       |                   | 1 IT Program Manager I                     |                    |                       |
| 1 Accountant III                                       |                   | 2 Business Analysts IV                     |                    |                       |
| 2 Administrative Assistants V                          |                   |  |                    |                       |
| 1 Administrative Assistant IV                          |                   |  |                    |                       |
| <b>TOTAL POSITIONS</b>                                 |                   |  |                    |                       |
| <b>8 Positions / 8.0 FTE</b>                           |                   |  |                    |                       |

### 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.

# Department of Tax Administration

| Category   | FY 2017<br>Actual | FY 2018<br>Adopted           | FY 2018<br>Revised | FY 2019<br>Advertised          |
|--|-------------------|------------------------------|--------------------|--------------------------------|
| <b>EXPENDITURES</b>  |                   |                              |                    |                                |
| Total Expenditures   | \$7,379,882       | \$9,067,124                  | \$9,067,124        | \$9,651,581                    |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>   |                   |                              |                    |                                |
| Regular  | 109 / 109         | 109 / 109                    | 110 / 110          | 111 / 111                      |
| 1 Director of Real Estate  |                   | <b>Residential Appraisal</b> |                    | <b>Clerical Support Branch</b> |
| 3 Assistant Directors  | 8                 | Supervising Appraisers       | 1                  | Management Analyst III         |
| 1 Management Analyst III   | 17                | Senior Appraisers            | 2                  | Management Analysts II         |
| 1 Administrative Assistant IV  | 29                | Appraisers                   | 3                  | Administrative Assistants V    |
|  |                   |                              | 3                  | Administrative Assistants IV   |
|  |                   |                              | 17                 | Administrative Assistants III  |
|  |                   | <b>Commercial Appraisal</b>  |                    |                                |
| <b>Board of Equalization</b>   |                   | Supervising Appraisers       |                    |                                |
| 1 Administrative Assistant III   | 6                 | Senior Appraisers (1)        |                    |                                |
|  | 18                |                              |                    |                                |
| <b>TOTAL POSITIONS</b>   |                   |                              |                    |                                |
| 111 Positions (1) / 111.0 FTE (1.0) <span style="float: right;">( ) Denotes New Positions</span> |                   |                              |                    |                                |

## 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 2017<br>Actual | FY 2018<br>Adopted | FY 2018<br>Revised | FY 2019<br>Advertised |
|--|-------------------|--------------------|--------------------|-----------------------|
| <b>EXPENDITURES</b>                                    |                   |                    |                    |                       |
| Total Expenditures                                     | \$6,791,225       | \$6,326,292        | \$6,326,292        | \$6,822,905           |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b> |                   |                    |                    |                       |
| Regular  | 103 / 103         | 102 / 102          | 102 / 102          | 106 / 106             |

# Department of Tax Administration

|  |  |  |
|--|--|--|
| 1 Director<br>2 Assistant Directors<br>1 Business Analyst IV<br>1 Management Analyst III<br>1 Business Tax Specialist II<br>1 Administrative Assistant IV<br><br><u><b>Vehicle Assessments</b></u><br>1 Management Analyst II<br>3 Administrative Assistants V<br>17 Administrative Assistants III | <u><b>Tax Discovery and Compliance</b></u><br>2 Management Analysts II<br>2 Administrative Assistants V<br>7 Administrative Assistants IV<br>2 Administrative Assistants III | <u><b>Central Telephones and Records Management</b></u><br>1 Management Analyst II<br>3 Administrative Assistants V<br>3 Administrative Assistants IV<br>13 Administrative Assistants III (2)<br>2 Administrative Assistants I<br><br><u><b>Business Taxes</b></u><br>8 Auditors III (2)<br>1 Auditor II<br>1 Management Analyst III<br>2 Management Analysts II<br>14 Business Tax Specialists II<br>1 Administrative Assistant V<br>16 Administrative Assistants III |
| <br><b>TOTAL POSITIONS</b>   |  |  |
| <b>106 Positions (4) / 106.0 FTE (4.0)</b>   |  | <b>( ) Denotes New Positions</b>   |

## 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 2017<br>Actual  | FY 2018<br>Adopted  | FY 2018<br>Revised | FY 2019<br>Advertised |
|---|--|---|--------------------|-----------------------|
| <b>EXPENDITURES</b>   |  |   |                    |                       |
| Total Expenditures  | \$7,611,146  | \$7,799,644   | \$7,862,634        | \$7,949,117           |
| <b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>  |  |   |                    |                       |
| Regular   | 62 / 62  | 62 / 62   | 63 / 63            | 63 / 63               |
| 1 Director<br>1 Management Analyst IV<br>1 Administrative Assistant IV<br><br><u><b>Tax Relief</b></u><br>1 Financial Specialist IV<br>1 Management Analyst II<br>2 Management Analysts I | <u><b>Delinquent Tax Collections, Processing, and Cashiering</b></u><br>1 Management Analyst III<br>3 Management Analysts II<br>6 Administrative Assistants V<br>10 Administrative Assistants IV<br>18 Administrative Assistants III | <u><b>Billing, Taxes Reconciliation, and Mass Pay</b></u><br>1 Management Analyst III<br>2 Management Analysts II<br>3 Administrative Assistants V<br>1 Administrative Assistant IV<br>11 Administrative Assistants III |                    |                       |
| <br><b>TOTAL POSITIONS</b>  |  |   |                    |                       |
| <b>63 Positions / 63.0 FTE</b>  |  |   |                    |                       |

# Department of Tax Administration

## Key Performance Measures

| Indicator   | Prior Year Actuals |                |                         | Current Estimate | Future Estimate |
|---|--------------------|----------------|-------------------------|------------------|-----------------|
|   | FY 2015 Actual     | FY 2016 Actual | FY 2017 Estimate/Actual | FY 2018          | FY 2019         |
| <b>Department Supervision</b>   |                    |                |                         |                  |                 |
| Percent change in 24/7 e-commerce transactions                          | 4.1%               | 9.2%           | 4.0%/2.1%               | 4.0%             | 4.0%            |
| Percent variance between estimated and actual revenues                  | 0.1%               | 0.1%           | 0.1%/0.4%               | 0.5%             | 0.5%            |
| Percentage of phone calls answered                                      | 87.6%              | 92.9%          | 90.0%/91.8%             | 90.0%            | 90.0%           |
| <b>Real Estate Division</b>   |                    |                |                         |                  |                 |
| Coefficient of Dispersion   | 3.9                | 3.5            | 3.5/3.5                 | 3.5              | 3.5             |
| <b>Personal Property and Business License Division</b>                  |                    |                |                         |                  |                 |
| Exonerations as a percent of total assessments                          | 4.0%               | 3.4%           | 3.5%/3.3%               | 3.5%             | 3.5%            |
| <b>Revenue Collection Division</b>                                      |                    |                |                         |                  |                 |
| Percent of current year taxes collected: Real Estate                    | 99.77%             | 99.75%         | 99.70%/99.79%           | 99.70%           | 99.70%          |
| Percent of current year taxes collected: Personal Property <sup>1</sup> | 98.35%             | 98.50%         | 98.00%/98.36%           | 98.00%           | 98.00%          |
| Percent of current year taxes collected: BPOL                           | 97.57%             | 98.08%         | 98.50%/98.59%           | 98.50%           | 98.50%          |
| Percent of unpaid accounts receivable collected                         | 30%                | 25%            | 25%/37%                 | 37%              | 37%             |

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

A complete list of performance measures can be viewed at  
<https://www.fairfaxcounty.gov/budget/fy-2019-advertised-performance-measures-pm>



# 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 2017, the department processed over 512,000 e-commerce transactions totaling over \$365 million dollars.

FY 2017 data indicate an assessment-to-sales ratio of 94.8 percent. This was well within the target of the low to mid 90 percent range and reflects the department's assessment of real estate at fair market value. Further evidence of DTA's fair and equitable assessment practices is found in the low coefficient of dispersion of 3.5 in FY 2017. 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 2017, the cost per dollar of Personal Property and BPOL levy was \$0.01, consistent with the target, and exonerations were 3.3 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 2018 and FY 2019, exonerations are projected to be at the 3.5 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 99.79 percent in FY 2017, 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 98.36 percent in FY 2017. A collection rate of 98.59 percent was achieved for Business, Professional and Occupational License taxes in FY 2017. DTA will continue to work diligently to maintain high collection rates during FY 2018 and FY 2019.