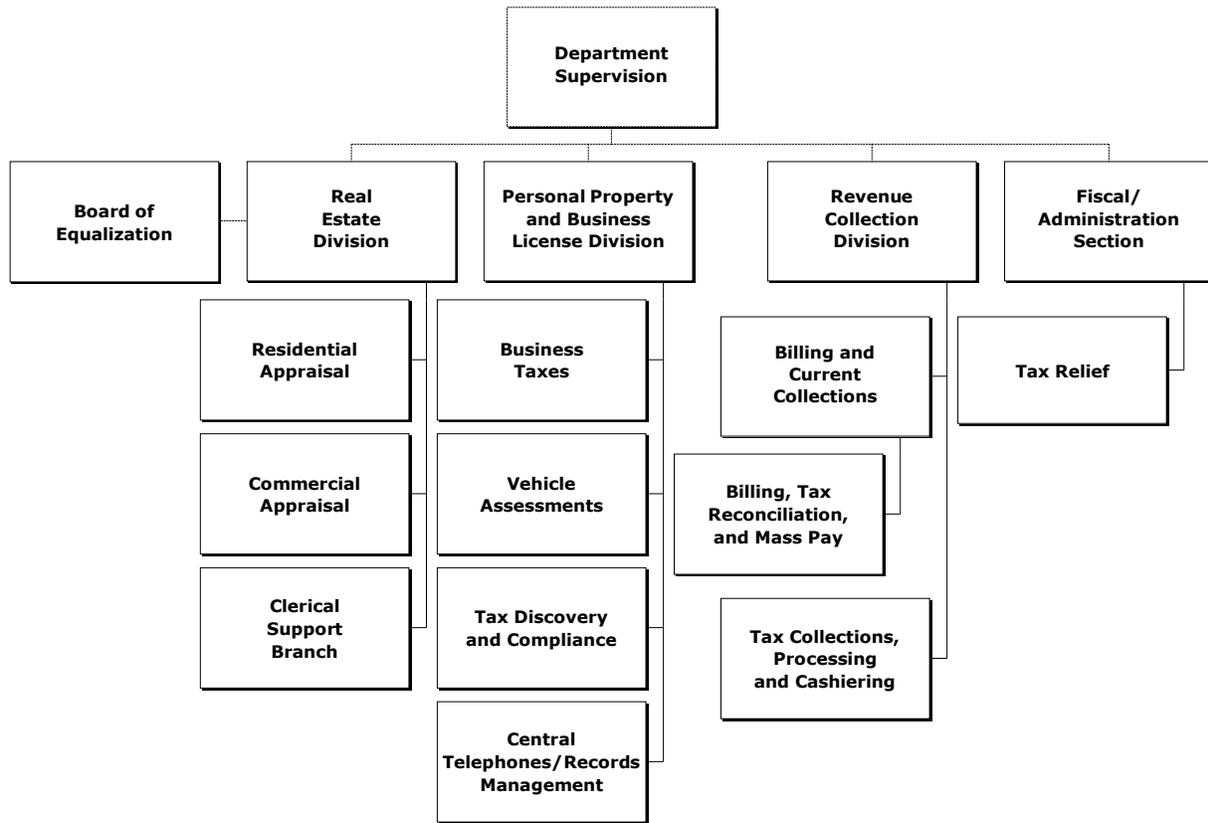


Department of Tax Administration



Mission

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

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 2020, 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

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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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 about 65 percent of all General Fund revenue. The residential real estate market in FY 2020 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 2020, 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 2020. 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 an analytics provider in streamlining the out-of-state plate research process. DTA conducted a pilot program in FY 2019 yielding excellent results. This partnership will be expanded in FY 2020.

The Personal Property and Business License cost center also staffs DTA's main telephone call center. Using a Call Management System (CMS), 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, the CMS affords DTA access to 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 7,032 transactions were entered by taxpayers between July 1, 2017 and June 30, 2018 on this dog site. DTA and DIT hope to migrate dog records to MyFairfax in FY 2020.

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.

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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, delinquent tax 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 Fiscal/Administration Section, remains a popular 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 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$18,107,091	\$20,201,761	\$20,553,732	\$21,629,530	\$21,856,913
Operating Expenses	6,180,188	5,740,489	6,666,805	6,053,443	6,053,443
Capital Equipment	30,345	0	0	0	0
Total Expenditures	\$24,317,624	\$25,942,250	\$27,220,537	\$27,682,973	\$27,910,356
Income:					
Land Use Assessment Application Fees	\$327	\$792	\$792	\$792	\$792
Fees for Collection of Delinquent Taxes	1,933,589	1,946,020	1,943,171	1,960,423	1,960,423
State Shared DTA Expenses	1,877,353	1,819,690	1,819,690	1,905,520	1,905,520
State Shared Retirement - DTA	35,685	46,593	46,593	46,593	46,593
Total Income	\$3,846,954	\$3,813,095	\$3,810,246	\$3,913,328	\$3,913,328
NET COST TO THE COUNTY	\$20,470,670	\$22,129,155	\$23,410,291	\$23,769,645	\$23,997,028
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	283 / 283	288 / 288	296 / 296	296 / 296	296 / 296

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FY 2020 Funding Adjustments

The following funding adjustments from the FY 2019 Adopted Budget Plan are necessary to support the FY 2020 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 7, 2019.

- ◆ **Employee Compensation** **\$790,074**
An increase of \$790,074 in Personnel Services includes \$434,094 for a 2.10 percent market rate adjustment (MRA) for all employees and \$355,980 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2019.

- ◆ **TARGET Program Enhancements** **\$906,032**
An increase of \$906,032, including \$695,078 in Personnel Services and \$210,954 in Operating Expenses to continue the TARGET program enhancements as previously approved by the Board of Supervisors as part of the *FY 2018 Carryover Review*. The TARGET program is designed to identify and assess the vehicles of County residents that are not properly registered with the Department of Motor Vehicles or with DTA. It should be noted that an increase of \$171,445 is included in Agency 89, Fringe Benefits. For further information on Fringe Benefits, please refer to the Agency 89, Employee Benefits, narrative in the Nondepartmental program area section of Volume 1. The expenditure increase is completely offset by an increase in revenues generated by the TARGET program for no net impact to the General Fund.

- ◆ **Service Enhancements** **\$250,000**
An increase of \$250,000, including \$170,000 in Personnel Services and \$80,000 in Operating Expenses, is associated with targeted investments in DTA, including stipends for licenses and certifications. As Fairfax County continues to grow and change, the work staff performs has become increasingly complex, making it important to hire and retain highly qualified employees. The funding will be used to assist DTA with several initiatives to combat the challenges associated with these trends. The expenditure increase is completely offset by an increase in revenues for no net impact to the General Fund.

- ◆ **Operating Expenses** **\$22,000**
An increase of \$22,000 in Operating Expenses is associated with funding to support the maintenance of licenses and software necessary for the real estate reporting and analytics tool.

Changes to FY 2019 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2019 Revised Budget Plan since passage of the FY 2019 Adopted Budget Plan. Included are all adjustments made as part of the *FY 2018 Carryover Review*, *FY 2019 Third Quarter Review*, and all other approved changes through April 30, 2019.

- ◆ **Carryover Adjustments** **\$272,755**
As part of the *FY 2018 Carryover Review*, the Board of Supervisors approved funding of \$272,755 as encumbered funding primarily for postage.

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- ◆ **TARGET Program Enhancements**

As part of the *FY 2018 Carryover Review*, the Board of Supervisors approved funding of \$906,032 and 8/8.0 FTE positions for the TARGET program in order to ensure greater compliance in personal property tax collections. The TARGET program is designed to identify and assess the vehicles of County residents that are not properly registered with the Department of Motor Vehicles or with DTA. It should be noted that an increase of \$171,445 in Fringe Benefits funding is included in Agency 89, Employee Benefits. The expenditure increase is completely offset by an increase in revenues generated by the TARGET program for no net impact to the General Fund.

\$906,032
- ◆ **Third Quarter Adjustments**

As part of the *FY 2019 Third Quarter Review*, the Board of Supervisors approved funding of \$99,500 to retain a consultant, in conjunction with the Department of Human Resources, to analyze compensation practices including pay levels, structures, and classification levels, as well as compensation best practices, evaluation of recruitment, and retention experiences within the department. The review is intended to address salary competitiveness as compared to local comparators and the external market at various occupational levels within the department.

\$99,500

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 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
EXPENDITURES					
Total Expenditures	\$1,896,992	\$1,518,647	\$1,618,147	\$1,538,904	\$1,546,982
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	9 / 9	9 / 9	17 / 17	11 / 11	17 / 17
Department Administration		Department Technical Section		Tax Relief	
1 Director of Tax Administration	1	1 IT Program Manager I	1	1 Management Analyst III	
1 Management Analyst IV	3	3 Business Analysts IV	2	2 Management Analysts I	
1 Accountant III	1	1 Business Analyst III	3	3 Administrative Assistants IV	
2 Administrative Assistants V					
1 Administrative Assistant IV					
TOTAL POSITIONS					
17 Positions / 17.0 FTE					

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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 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
EXPENDITURES					
Total Expenditures	\$7,427,213	\$9,651,581	\$9,651,581	\$10,177,944	\$10,280,968
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	109 / 109	110 / 110	110 / 110	110 / 110	110 / 110
1 Director of Real Estate		Residential Appraisal		Clerical Support Branch	
3 Assistant Directors	8	8 Supervising Appraisers		1 Management Analyst III	
1 Management Analyst III	21	21 Senior Appraisers		2 Management Analysts II	
1 Administrative Assistant IV	26	26 Appraisers		3 Administrative Assistants V	
				3 Administrative Assistants IV	
				16 Administrative Assistants III	
		Commercial Appraisal			
1 Administrative Assistant III	6	6 Supervising Appraisers			
	17	17 Senior Appraisers			
TOTAL POSITIONS					
110 Positions / 110.0 FTE					

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 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
EXPENDITURES					
Total Expenditures	\$6,815,710	\$6,822,905	\$7,729,687	\$7,916,038	\$7,990,901
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	101 / 101	105 / 105	112 / 112	112 / 112	112 / 112

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1 Director 2 Assistant Directors 1 Administrative Assistant IV <u>Vehicle Assessments</u> 1 Management Analyst II 3 Administrative Assistants V 18 Administrative Assistants III	<u>Tax Discovery and Compliance</u> 2 Management Analysts II 2 Administrative Assistants V 9 Administrative Assistants IV 7 Administrative Assistants III	<u>Central Telephones and Records Management</u> 1 Management Analyst II 4 Administrative Assistants V 16 Administrative Assistants III 2 Administrative Assistants I <u>Business Taxes</u> 8 Auditors III 2 Auditors II 1 Management Analyst III 1 Management Analyst II 15 Business Tax Specialists II 2 Administrative Assistants V 1 Administrative Assistant IV 13 Administrative Assistants III
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TOTAL POSITIONS
112 Positions / 112.0 FTE

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 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
EXPENDITURES					
Total Expenditures	\$8,177,709	\$7,949,117	\$8,221,122	\$8,050,087	\$8,091,505

AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	64 / 64	64 / 64	57 / 57	63 / 63	57 / 57

1 Director 1 Management Analyst IV 1 Administrative Assistant IV	<u>Delinquent Tax Collections, Processing, and Cashiering</u> 1 Management Analyst III 3 Management Analysts II 6 Administrative Assistants V 9 Administrative Assistants IV 15 Administrative Assistants III	<u>Billing, Taxes Reconciliation, and Mass Pay</u> 1 Management Analyst III 3 Management Analysts II 3 Administrative Assistants V 2 Administrative Assistants IV 11 Administrative Assistants III
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TOTAL POSITIONS
57 Positions / 57.0 FTE

Department of Tax Administration

Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate/Actual	FY 2019	FY 2020
Department Supervision					
Percent change in 24/7 e-commerce transactions	9.2%	2.1%	4.0%/9.3%	4.0%	4.0%
Percent variance between estimated and actual revenues	0.1%	0.4%	0.5%/0.1%	0.5%	0.5%
Percentage of phone calls answered	92.9%	91.8%	90.0%/88.8%	90.0%	90.0%
Real Estate Division					
Coefficient of Dispersion	3.5	3.5	3.5/3.4	3.5	3.5
Personal Property and Business License Division					
Exonerations as a percent of total assessments	3.4%	3.3%	3.5%/3.3%	3.5%	3.5%
Revenue Collection Division					
Percent of current year taxes collected: Real Estate	99.75%	99.79%	99.70%/99.74%	99.70%	99.70%
Percent of current year taxes collected: Personal Property ¹	98.50%	98.36%	98.00%/98.34%	98.00%	98.00%
Percent of current year taxes collected: BPOL	98.08%	98.59%	98.50%/99.05%	98.50%	98.50%
Percent of unpaid accounts receivable collected	25%	37%	37%/37%	37%	37%

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
<https://www.fairfaxcounty.gov/budget/fy-2020-adopted-performance-measures-pm>

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 2018, the department processed over 560,000 e-commerce transactions totaling over \$402 million dollars.

FY 2018 data indicate an assessment-to-sales ratio of 94.8 percent. This was well within the target of the 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 3.4 in FY 2018. 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.

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In FY 2018, 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 2019 and FY 2020, 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 99.74 percent in FY 2018, 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 98.34 percent in FY 2018. A collection rate of 99.05 percent was achieved for Business, Professional and Occupational License taxes in FY 2018. DTA will continue to work diligently to maintain high collection rates during FY 2019 and FY 2020.