

General Fund Revenue Overview

Summary of General Fund Revenue and Transfers In

Category	FY 2019 Actual	FY 2020 Adopted Budget Plan	FY 2020 Revised Budget Plan	FY 2021 Advertised Budget Plan	FY 2021 Adopted Budget Plan	Change from Advertised	
						Increase/ (Decrease)	% Change
Real Estate Taxes - Current and Delinquent	\$2,796,959,177	\$2,890,593,420	\$2,894,699,521	\$3,054,277,725	\$3,002,075,466	(\$52,202,259)	(1.7%)
Personal Property Taxes - Current and Delinquent ¹	633,140,857	640,494,857	648,813,426	653,781,779	639,338,332	(14,443,447)	(2.2%)
Other Local Taxes	528,245,784	537,425,572	544,268,928	547,921,558	489,100,905	(58,820,653)	(10.7%)
Permits, Fees and Regulatory Licenses	55,874,600	53,559,013	55,556,374	54,973,621	49,642,908	(5,330,713)	(9.7%)
Fines and Forfeitures	12,258,740	12,583,545	11,795,664	11,795,664	11,795,664	0	0.0%
Revenue from Use of Money/Property	71,181,118	82,283,249	60,896,621	48,452,270	24,257,799	(24,194,471)	(49.9%)
Charges for Services	85,476,153	83,305,683	86,396,338	87,154,390	83,119,246	(4,035,144)	(4.6%)
Revenue from the Commonwealth and Federal Government ¹	140,078,106	140,019,660	342,706,588	142,118,771	141,634,775	(483,996)	(0.3%)
Recovered Costs / Other Revenue	18,610,536	16,934,540	15,745,731	16,234,444	16,234,444	0	0.0%
Total Revenue	\$4,341,825,071	\$4,457,199,539	\$4,660,879,191	\$4,616,710,222	\$4,457,199,539	(\$159,510,683)	(3.5%)
Transfers In	10,173,319	9,081,414	9,081,414	8,707,781	8,707,781	0	0.0%
Total Receipts	\$4,351,998,390	\$4,466,280,953	\$4,669,960,605	\$4,625,418,003	\$4,465,907,320	(\$159,510,683)	(3.4%)

¹ 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.

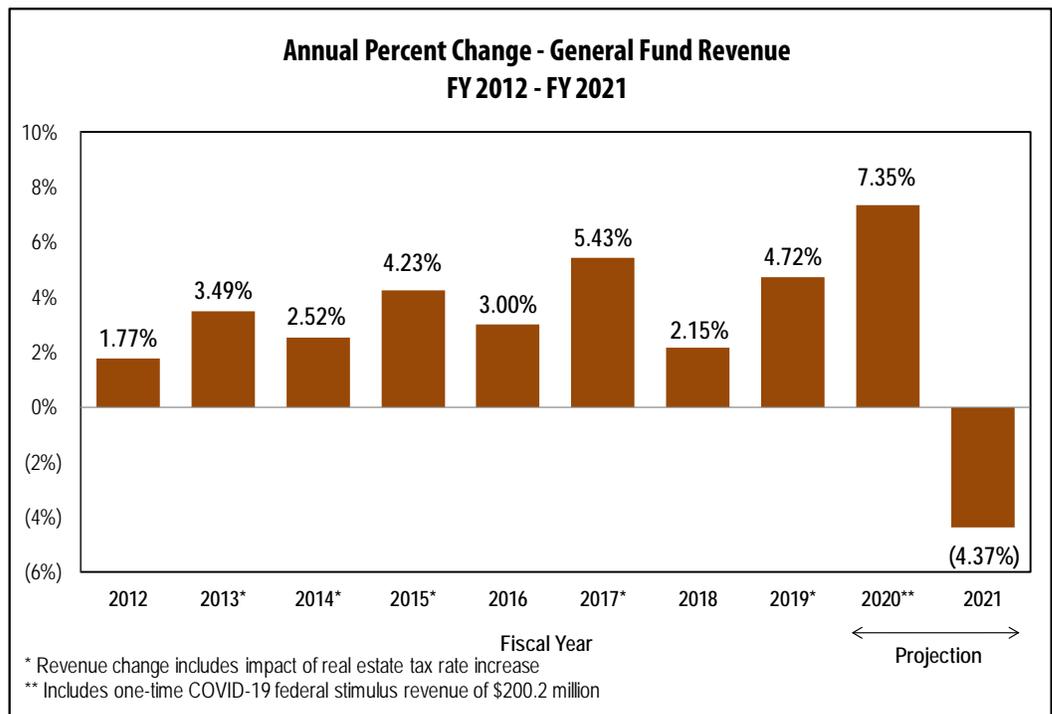
As reflected in the preceding table, FY 2021 General Fund revenues are projected to be \$4,457,199,539, a decrease of \$159,510,683 or 3.5 percent from the FY 2021 Advertised Budget Plan and no change from the FY 2020 Adopted Budget Plan. The General Fund revenue estimates that were included in the FY 2021 Advertised Budget Plan released by the County Executive on February 25, 2020 assumed that the U.S. economy would continue to expand in 2020 and 2021. The revenue estimates were developed based on a review of Fairfax County economic indicators, actual FY 2019 receipts, and FY 2020 year-to-date collection trends through December. Forecasts of economic activity in the County were provided by IHS Markit and a variety of national economic forecasts were considered. The County Executive's presentation of the advertised budget noted that one of the factors that could impact the future performance of the economy was "the coronavirus and the effects of a potential global epidemic". Shortly after the release of the FY 2021 Advertised Budget Plan, the coronavirus rapidly escalated and was declared a pandemic, with school closures and event cancellations throughout the country. Consumers were asked to stay home to combat the virus's spread. This unprecedented health crisis is having a negative effect on the economy and its outlook – not only for Fairfax County – but across the country and the world.

The FY 2021 Adopted Budget Plan revenue decrease compared to the FY 2021 Advertised Budget Plan is the result of the adoption of a Real Estate tax rate of \$1.15 per \$100 of assessed value, a three-cent decrease from the proposed rate of \$1.18, as well as a decrease in a number of revenue categories which are extremely sensitive to economic conditions and are expected to be negatively impacted as a result of the COVID-19 economic disruption. All revenue categories will be closely monitored with respect to collections and the effects of changes in the economy. It is expected that FY 2021 revenue estimates will have to be revised several times throughout the fiscal year as more data become available in the coming months and the impact of the economic disruption is evaluated further.

General Fund Revenue Overview

Incorporating Transfers In, FY 2021 General Fund receipts are anticipated to be \$4,465,907,320. The Transfers In to the General Fund total \$8.7 million and reflect \$2.4 million from Fund 40030, Cable Communications, \$2.9 million from Fund 69010, Sewer Operation and Maintenance, \$1.1 million from Fund 40100, Stormwater Services, and \$2.3 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 2012. Revenues rose at an average annual growth rate of 3.3 percent in the period from FY 2012 to FY 2016. General Fund revenue in FY 2017 increased 5.43 percent primarily as a result of a 2.98 percent rise in real estate assessments and a 4-cent increase in the Real Estate tax rate. FY 2018 revenue increased 2.15 percent due to a 1.89 percent rise in real estate assessments, as well as modest growth in other revenue categories. In FY 2019, General Fund revenue increased 4.72 percent primarily as a result of a 3.59 percent rise in real estate assessments and a 2-cent increase in the Real Estate tax rate. Revenue growth of 7.35 percent is projected in FY 2020 primarily as a result of one-time COVID-19 federal stimulus revenue of \$200.2 million, which was received by the County in April 2020 to help fund COVID-19 related expenditures. Absent this revenue, the *FY 2020 Revised Budget Plan* reflects a growth rate of 2.74 percent. In FY 2021, General Fund revenue is expected to decrease 4.37 percent compared to the *FY 2020 Revised Budget Plan* and to be level with the FY 2020 Adopted Budget Plan.



Economic Indicators

Economic recessions are often triggered by deterioration in consumer and business confidence and expectations. When consumers are reluctant to spend and when businesses are not optimistic about their market share, investments and profits, the economy sputters and sometimes deteriorates. Prior to the coronavirus spread, the underlying U.S. economy was quite robust. The current economic disruption was not triggered by a confidence crisis but rather by a health crisis which shut down many sectors of the economy. As the COVID-19 pandemic forced many states to impose lockdowns, the U.S. economy shrank at a rate of 5.0 percent in the first quarter of 2020, ending the longest economic expansion in U.S. history. The rate of decline of real Gross Domestic Product in the second quarter

of 2020 is expected to be dismal. When the economy recovers will depend on the duration of social distancing and the quarantine policies that were put in place. The gradual reopening of the economy has already begun. Most states are easing restrictions in phases by opening some stores, restaurants, parks, and beaches; however, ongoing social distancing guidance is reducing capacity. The speed of the recovery will also depend on the public feeling safe to resume normal activities and visit those establishments.

While the U.S. unemployment rate at 3.5 percent by the end of 2019 stood at a level not seen since December 1969, it skyrocketed to 14.7 percent in April 2020 due to COVID-19 that curtailed economic activity in an effort to contain the pandemic. As the economy started to gradually reopen, the unemployment rate dropped to 13.3 percent in May 2020. The May number of unemployed persons was 21.0 million, with 15.3 million of those on temporary layoff.

To limit the economic damage from the pandemic, the Federal Reserve cut its target for the federal funds rate to a range of 0 percent to 0.25 percent. It also stepped in with lending to support households, employers, financial markets, and state and local governments. The Fed Chairman Jerome Powell said, "We are deploying these lending powers to an unprecedented extent [and] ... will continue to use these powers forcefully, proactively, and aggressively until we are confident that we are solidly on the road to recovery." The Fed indicated that the federal funds rate will remain low "until it is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals." In addition to the Fed's monetary actions to limit the permanent damage to the economy, the U.S. Congress provided fiscal stimulus to businesses, households, and state and local governments through the CARES Act. Fairfax County received \$200 million from the CARES Act \$150 billion Coronavirus Relief Fund to cover necessary expenditures incurred due to the COVID-19 public health emergency. It should be noted that this funding cannot be used by the County to replace the revenue loss due to COVID-19.

During the Great Recession, the Washington region was an anomaly in that it shed fewer jobs than most other areas in the country as the federal government increased spending and hiring to prop up the economy. Unlike prior business cycles, the Washington's region economy is not insulated from the effects of the coronavirus outbreak. The sectors of the economy relying on discretionary consumer spending are projected to contract, as households and businesses reduced expenditures, particularly in the Leisure and Hospitality sector, the Retail sector, the Administrative and Support sector, and the Other Services sector, which includes personal care, maintenance and in-home household services. According to a George Mason University report, these industries account for 27.7 percent of the regional jobs, 22.8 percent of the main source of employment for the region's workforce, 13.0 percent of wages earned in the region, and 11.2 percent of the region's economic activity (Gross Regional Product). A large number of jobs were affected as a result of the immediate decline in travel and discretionary spending, with significant social ramifications. However, because these jobs are more likely to be lower wage, the changes in jobs and unemployment will not have the same economic impact as the jobs lost during the 2008/2009 recession and the sequestration, when higher wage jobs were also lost. In addition, because the economy of the Washington region is knowledge-based, it is expected to be insulated from the supply-chain manufacturing disruptions affecting other regional economies. Federal procurement spending accounts for about 30 percent of the Washington's economy. This will allow for the workforce of the federal government and federal contractors in the Professional and Business Services sector to recover faster from the disruption and resume normal operations.

In April, the unemployment rate in Northern Virginia jumped to 10.0 percent, up from 2.7 percent in March. Total non-farm employment in the area was down over 130,000 jobs in April compared to a year ago. Compared to last April, the Leisure and Hospitality sector lost approximately 64,000 jobs, a drop of 43.4 percent. The Retail Trade sector lost 14,300 jobs, or 10.4 percent, during the same time period. At the same time, the drop experienced in the Professional and Business Services sector was only 1.0 percent.

Current economic conditions make revenue forecasting very difficult. Some economists project a V-shaped recovery, where the economy resumes growing again by the third quarter of 2020. However, there is the potential of a more prolonged economic recession if the hit to consumer spending is deeper than initially thought and a second wave of disease spread inhibits consumer confidence later in the fall. In that scenario, economists expect to see a U-shaped economic cycle, as a sharp reduction in near-term growth is followed by a slow recovery.

Local Housing Market

Based on information from Bright MLS, the average sales price of homes sold in Fairfax County rose 3.9 percent from \$578,723 in 2018 to \$601,506 in 2019. Home prices continue to increase primarily as a result of the tight inventory of homes for sale and low mortgage rates. Since 2009, the average home sales price has risen 44.2 percent, or an average annual growth rate of 3.7 percent.

Bright MLS also reported that 16,144 homes sold in the County in 2019, up 2.9 percent compared to 2018. Homes that sold during 2019 were on the market for an average of 24 days, down from 52 days in 2018.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, the direct office vacancy rate at year-end 2019 was 13.9 percent, down from 14.9 percent at year-end 2018. The overall office vacancy rate, which includes empty sublet space, was 14.4 percent at year-end 2019, down from 15.5 percent recorded at year-end 2018. The amount of empty office space fell to 17.1 million square feet.

At year-end 2019, office development continued around Metro stations in the Silver Line corridor and in other areas of the County as well. Eight office buildings, totaling more than 2.7 million square feet, were under construction in three submarkets as of December 2019. The amount of new space delivered in 2019 was slightly more than 600,000 square feet, with an expectation of 1.2 million square feet of deliveries in 2020.

Office leasing activity totaled over 9 million square feet at the end of 2019. As has been the case for the past several years, most of the leasing activity during 2019 involved government renewals and metro-adjacent relocations.

In FY 2021, current and delinquent Real Estate Tax revenue comprises 67.4 percent of total County General Fund revenues. FY 2021 Real Estate property values were established as of January 1, 2020 and reflect market activity through calendar year 2019. The Real Estate Tax base is projected to increase 3.76 percent in FY 2021 and is made up of a 2.71 percent increase in total equalization (reassessment of existing residential and nonresidential properties), and an increase of 1.05 percent for new construction.

General Fund Revenue Overview

Major Revenue Sources

The following major revenue categories discussed in this section comprise 99.1 percent of total FY 2021 General Fund revenue. Unless otherwise indicated, comparative data are presented relative to the FY 2021 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 2019 Actual	FY 2020 Adopted Budget Plan	FY 2020 Revised Budget Plan	FY 2021 Advertised Budget Plan	FY 2021 Adopted Budget Plan	Change from Advertised	
						Increase / (Decrease)	% Change
Real Estate Tax - Current	\$2,786,854,901	\$2,881,632,405	\$2,884,588,506	\$3,044,015,045	\$2,991,964,451	(\$52,050,594)	(1.7%)
Personal Property Tax - Current ¹	616,124,197	625,254,378	631,672,947	636,384,193	622,197,853	(14,186,340)	(2.2%)
<i>Paid Locally</i>	404,810,253	413,940,434	420,359,003	425,070,249	410,883,909	(14,186,340)	(3.3%)
<i>Reimbursed by Commonwealth</i>	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	167,155,844	173,382,796	172,125,305	174,707,185	154,912,776	(19,794,409)	(11.3%)
Local Sales Tax	187,037,828	193,194,909	197,708,570	202,651,284	171,031,788	(31,619,496)	(15.6%)
Recordation/Deed of Conveyance Taxes	30,729,364	28,488,338	34,471,875	31,212,155	31,212,155	0	0.0%
Bank Franchise Tax	23,699,652	23,654,317	23,654,317	23,890,860	23,654,317	(236,543)	(1.0%)
Gas & Electric Utility Taxes	45,838,073	45,533,698	45,639,081	45,867,276	45,639,081	(228,195)	(0.5%)
Communications Sales Tax	6,911,547	5,399,506	3,492,634	1,415,924	3,492,634	2,076,710	146.7%
Vehicle License Fee	27,426,110	27,464,107	27,464,107	27,601,428	27,052,146	(549,282)	(2.0%)
Transient Occupancy Tax	22,918,266	23,249,668	23,491,223	24,078,504	16,443,857	(7,634,647)	(31.7%)
Cigarette Tax	5,787,235	5,916,915	5,477,039	5,422,269	5,422,269	0	0.0%
Permits, Fees and Regulatory Licenses	55,874,600	53,559,013	55,556,374	54,973,621	49,642,908	(5,330,713)	(9.7%)
Investment Interest	69,032,333	80,017,523	58,630,895	46,118,088	21,923,617	(24,194,471)	(52.5%)
Charges for Services	85,476,153	83,305,683	86,396,338	87,154,390	83,119,246	(4,035,144)	(4.6%)
Fines and Forfeitures	12,258,740	12,583,545	11,795,664	11,795,664	11,795,664	0	0.0%
Recovered Costs/ Other Revenue	18,610,536	16,934,540	15,745,731	16,234,444	16,234,444	0	0.0%
Revenue from the Commonwealth and Federal Government ¹	140,078,106	140,019,660	342,706,588	142,118,771	141,634,775	(483,996)	(0.3%)
Total Major Revenue Sources	\$4,301,813,485	\$4,419,591,001	\$4,620,617,194	\$4,575,641,101	\$4,417,373,981	(\$158,267,120)	(3.5%)

¹ 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 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$2,786,854,901	\$2,881,632,405	\$2,884,588,506	\$3,044,015,045	\$2,991,964,451	(\$52,050,594)	(1.7%)

The FY 2021 Adopted Budget Plan estimate for Current Real Estate Taxes is \$2,991,964,451 and represents a decrease of \$52,050,594 or 1.7 percent from the FY 2021 Advertised Budget Plan estimate. The decrease is the result of the adoption of a Real Estate tax rate of \$1.15 per \$100 of assessed value, a three-cent decrease from the proposed rate of \$1.18. It should be noted that the FY 2021 Advertised Budget Plan reflected the allocation of the projected value of one and one-half pennies of the Real Estate Tax rate (\$39.74 million) to Fund 30300, Affordable Housing Development and Investment. The FY 2021 Adopted Budget Plan allocates the value of one-half penny of the Real Estate tax rate (\$13.25 million) to Fund 30300.

Compared to the *FY 2020 Revised Budget Plan*, the Real Estate tax revenue increase in FY 2021 associated with the increase in the Real Estate assessment base is \$107,375,945 or 3.7 percent.

The FY 2021 value of assessed real property represents an increase of 3.76 percent, as compared to the FY 2020 Real Estate Land Book, and is comprised of an increase in equalization of 2.71 percent and an increase of 1.05 percent associated with new construction. The FY 2021 figures reflected in this document are based on final assessments for Tax Year 2020 (FY 2021), which were established as of January 1, 2020.

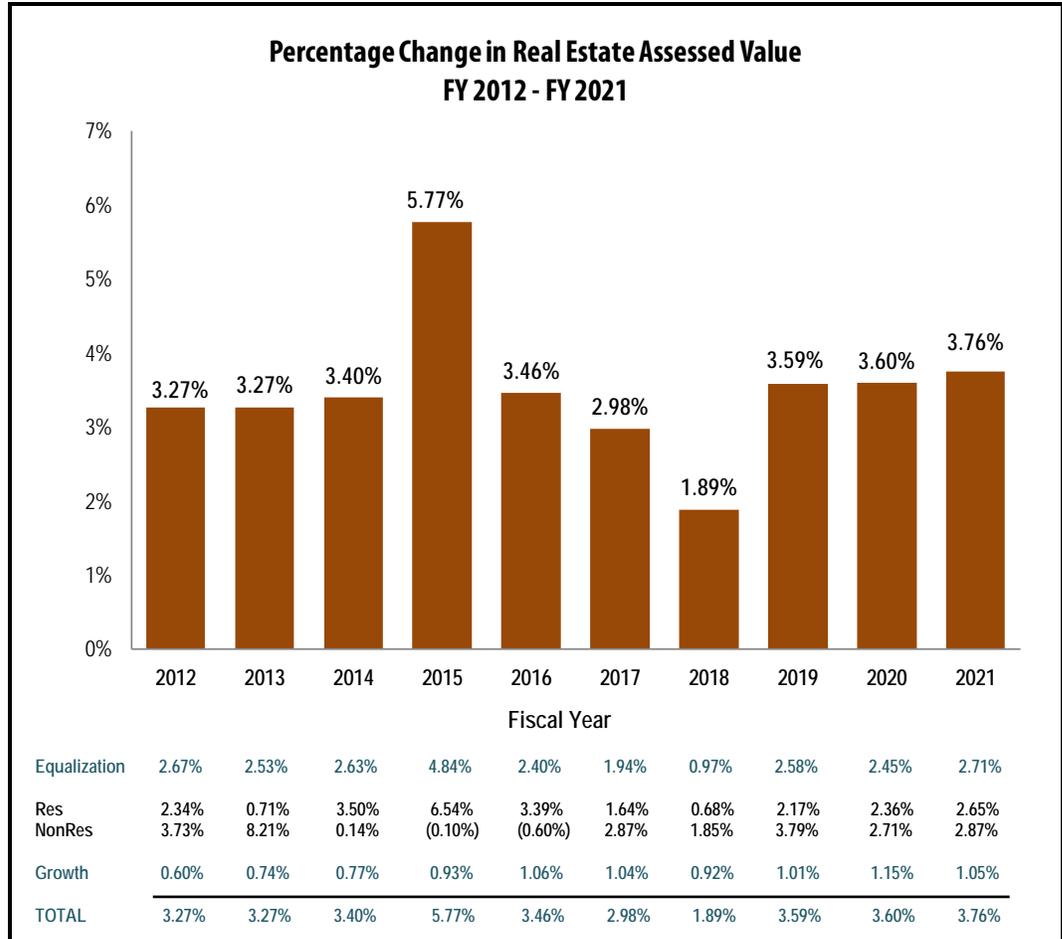
In addition to the revenue shown in the table above, the projected value of one-half penny on the Real Estate Tax rate (\$13.25 million) is allocated to Fund 30300, and \$5.7 million is allocated to Fund 70040, Mosaic District Community Development Authority. Throughout FY 2021, Real Estate Tax revenues 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 99.70 percent.

The FY 2021 Main Assessment Book Value is \$264,793,644,730 and represents an increase of \$9,601,689,780, or 3.76 percent, over the FY 2020 main assessment book value of \$255,191,954,950.

From FY 2005 through FY 2007, the assessment base experienced double-digit advances. Deceleration began in FY 2008, when the assessment base rose just 4.15 percent, and continued in FY 2009 with a modest increase of 0.51 percent. Following the financial crisis and a general decline in economic conditions, the FY 2010 assessment base declined 9.95 percent, which was the largest drop on record. The assessment base decreased for a second consecutive year in FY 2011, declining 9.20 percent. Since FY 2012, the assessment base has experienced an average annual growth of 3.52 percent through FY 2021.

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The following chart shows changes in the County's assessed value base from FY 2012 to FY 2021.

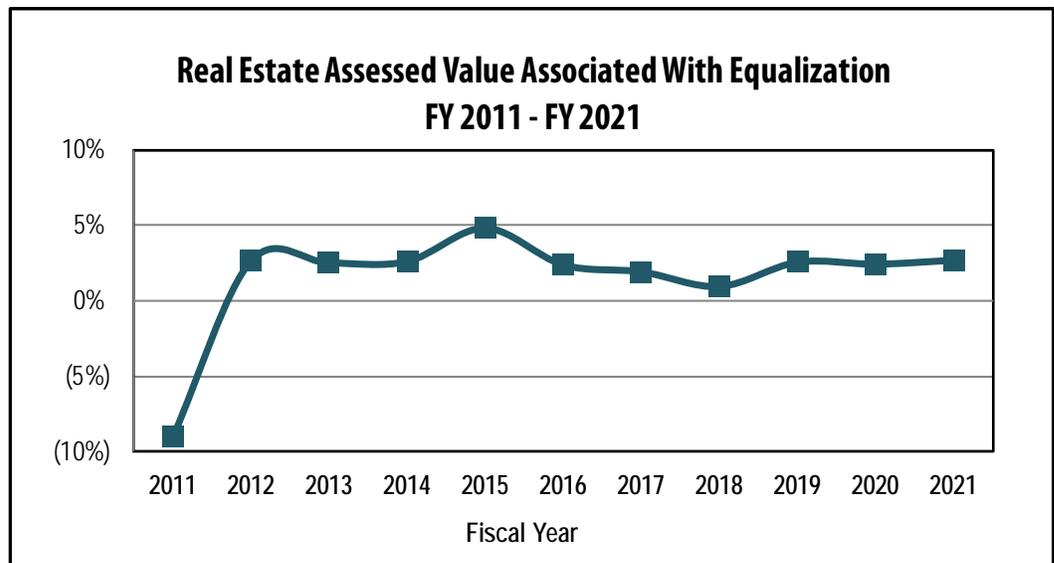


The overall change in the assessment base is comprised of equalization and normal growth. For reporting purposes, individual properties are identified as being in either the equalization category or the growth category, but not both. Equalization properties are those whose values change due to market 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 2021 assessment base reflects a total equalization increase of 2.71 percent and an increase of 1.05 percent associated with the growth component. As a result of changes in equalization and growth, the residential portion of the total assessment base decreased from 73.30 percent in FY 2020 to 72.88 percent in FY 2021. The following table reflects changes in the Real Estate Tax assessment base from FY 2015 through FY 2021.

Main Real Estate Assessment Book Value and Changes (in millions)

Assessed Base Change Due To:	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Equalization	\$10,026.1	\$5,269.7	\$4,401.5	\$2,269.9	\$6,140.1	\$6,032.5	\$6,908.6
% Change	4.84%	2.40%	1.94%	0.97%	2.58%	2.45%	2.71%
Residential	6.54%	3.39%	1.64%	0.68%	2.17%	2.36%	2.65%
Nonresidential	(0.10%)	(0.60%)	2.87%	1.85%	3.79%	2.71%	2.87%
Normal Growth	\$1,922.0	\$2,318.0	\$2,362.6	\$2,148.1	\$2,403.1	\$2,825.1	\$2,693.0
% Change	0.93%	1.06%	1.04%	0.92%	1.01%	1.15%	1.05%
Residential	0.51%	0.51%	0.56%	0.36%	0.57%	0.68%	0.67%
Nonresidential	2.13%	2.74%	2.54%	2.61%	2.29%	2.47%	2.10%
Total Change	\$11,948.1	\$7,587.7	\$6,764.2	\$4,418.0	\$8,543.2	\$8,857.6	\$9,601.7
% Change	5.77%	3.46%	2.98%	1.89%	3.59%	3.60%	3.76%
Total Book	\$219,021.3	\$226,609.0	\$233,373.1	\$237,791.1	\$246,334.3	\$255,192.0	\$264,793.6

Equalization, or reassessment of existing residential and nonresidential property, represents an increase in value of \$6,908,637,840, or 2.71 percent, in FY 2021. Both residential and non-residential property values rose in FY 2021. Growth in non-residential equalization has been higher than that of residential equalization in the last five years. Overall, residential equalization reflects a 2.65 percent increase in FY 2021, compared to a 2.36 percent increase in FY 2020. Nonresidential equalization rose 2.87 percent in FY 2021, compared to a 2.71 percent increase in FY 2020. Changes in the assessment base as a result of equalization are shown in the following graph.



Residential equalization rose at double digit rates from FY 2002 through FY 2007 due to high demand but a limited supply of housing. Strong job growth, the easy availability of credit and profit-led speculation contributed to price appreciation in the local housing market. This rapid appreciation in home values was followed by several years of declines from FY 2008 through FY 2011 during the Great Recession and the housing market crisis, as the inventory of homes for sale grew and home

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prices dropped in the County, as they did throughout the Northern Virginia area. Since FY 2012, the value of residential properties in the County has increased every year. The total value of residential properties including new construction in FY 2021 is \$193.6 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.

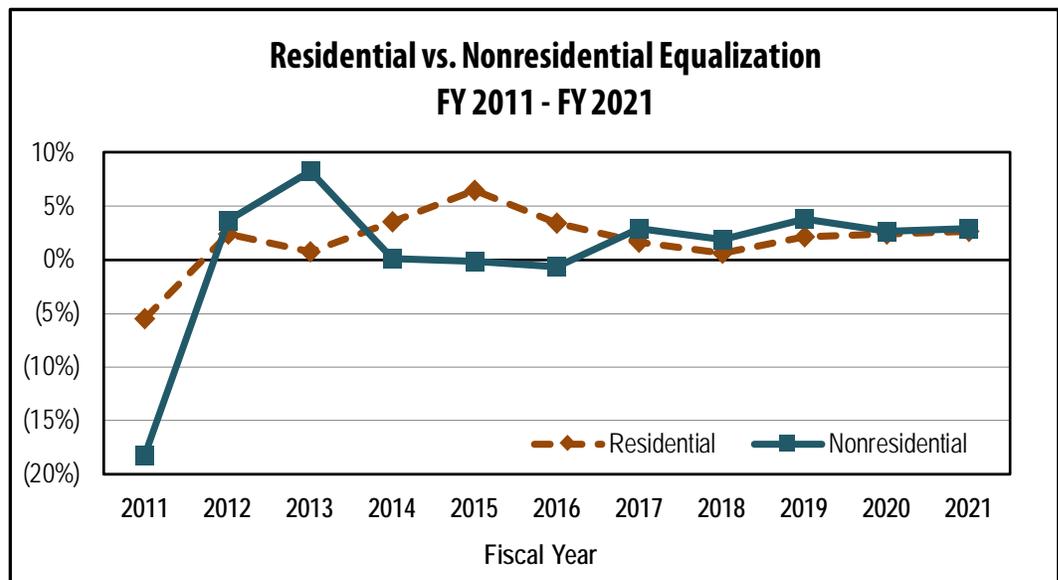
Overall, single family property values increased 2.36 percent in FY 2021. The value of single-family homes has the most impact on the total residential base because they represent 71.3 percent of the total. The value of townhouse properties increased 3.43 percent in FY 2021, while that of condominium properties increased 4.36 percent. Changes in residential equalization by housing type since FY 2016 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 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Single Family (71.3%)	3.27%	1.69%	0.62%	2.11%	2.17%	2.36%
Townhouse/Duplex (20.1%)	3.81%	2.05%	1.37%	2.86%	3.12%	3.43%
Condominiums (8.1%)	4.48%	0.73%	(0.32%)	1.68%	2.98%	4.36%
Vacant Land (0.4%)	3.03%	0.92%	0.03%	2.01%	3.11%	1.89%
Other (0.1%) ¹	2.56%	6.42%	9.52%	9.70%	1.67%	0.35%
Total Residential Equalization (100%)	3.39%	1.64%	0.68%	2.17%	2.36%	2.65%

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 residential property in the County is \$580,272. This is an increase of \$14,980 over the FY 2020 value of \$565,292. At the adopted Real Estate tax rate of \$1.15 per \$100 of assessed value, the typical residential annual tax bill will rise, on average, \$172.27 in FY 2021 to \$6,673.13.



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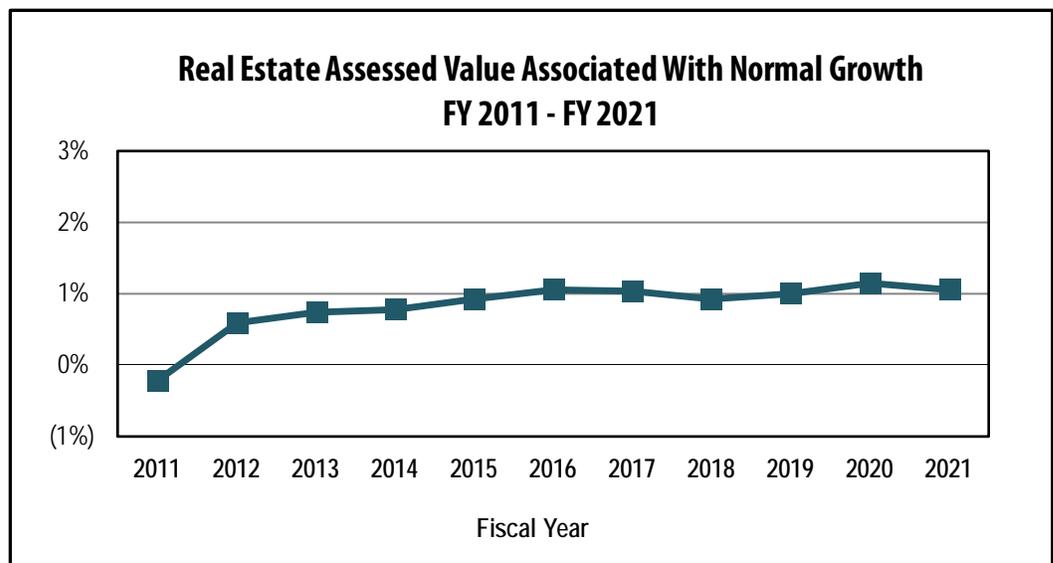
After experiencing a record decline of 18.29 percent in FY 2011, nonresidential equalization rebounded 3.73 percent in FY 2012, and a strong 8.21 percent in FY 2013. In FY 2014, nonresidential values stayed essentially level with FY 2013, increasing only 0.14 percent. In FY 2015 and FY 2016, nonresidential values decreased a slight 0.10 percent and another 0.60 percent, respectively. In the last five years since FY 2017, growth in non-residential equalization has been higher than that of residential equalization. The total value of nonresidential properties including new construction in FY 2021 is \$71.2 billion.

Office Elevator properties (mid- and high-rises), the largest component of the nonresidential tax base at 31.2 percent, experienced an increase of 4.01 percent in FY 2021 after increasing 3.32 percent in FY 2020. Apartment values, which represent 25.5 percent of the total nonresidential base, rose 4.37 percent in FY 2021. Retail properties increased 2.59 percent in FY 2021 after a 1.66 percent rise in FY 2020. Nonresidential equalization changes by category since FY 2016 are presented in the following table.

Nonresidential Equalization Changes

Category (Percent of Base)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Apartments (25.5%)	1.20%	2.92%	3.37%	2.40%	2.13%	4.37%
Office Condominiums (3.6%)	0.58%	1.86%	0.49%	1.19%	1.77%	0.43%
Industrial (6.8%)	5.83%	7.43%	(0.26%)	9.61%	5.90%	2.01%
Retail (17.3%)	2.46%	1.60%	7.39%	7.00%	1.66%	2.59%
Office Elevator (31.2%)	(4.67%)	3.42%	(1.39%)	2.82%	3.32%	4.01%
Office - Low Rise (2.7%)	(5.00%)	1.73%	1.39%	1.11%	2.75%	1.77%
Vacant Land (3.2%)	(4.62%)	1.50%	(1.17%)	(0.35%)	4.28%	(0.13%)
Hotels (3.5%)	0.26%	3.61%	(0.12%)	8.13%	6.62%	2.23%
Other (6.2%)	5.26%	3.70%	6.73%	6.13%	2.80%	1.52%
Nonresidential Equalization (100%)	(0.60%)	2.87%	1.85%	3.79%	2.71%	2.87%

The Growth component increased the FY 2021 assessment base by \$2,693,051,940, or 1.05 percent, over the FY 2020 assessment book value. New construction increased the residential property base by 0.67 percent and nonresidential properties by 2.10 percent.



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In addition to the final equalization and normal growth adjustments in the Main Assessment Book, the following projected adjustments were made to the FY 2021 Real Estate Tax revenue estimate:

Exonerations, Certificates and Tax Abatements are anticipated to reduce the Real Estate assessment base by \$1,022.7 million in FY 2021, resulting in a reduction in levy of \$11.8 million.

Additional Assessments expected to be included in the new Real Estate base total \$585.0 million, or a levy increase of \$6.7 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 2021 by \$2,877.0 million. The reduction in tax levy due to the Tax Relief program is approximately \$33.1 million at the adopted Real Estate tax rate of \$1.15 per \$100 of assessed value. In FY 2021, the income limits of the Tax Relief program provide 100 percent exemption for elderly and disabled taxpayers with incomes up to \$52,000; 50 percent exemption for eligible applicants with income between \$52,001 and \$62,000; and 25 percent exemption if income is between \$62,001 and \$72,000. The allowable asset limit in FY 2021 is \$340,000 for all ranges of tax relief. 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 2021 income and asset thresholds for the Real Estate Tax Relief Program.

FY 2021 Real Estate Tax Relief Program

	Income Limit	Asset Limit	Percent Relief
Elderly and Disabled	Up to \$52,000	\$340,000	100%
	Over \$52,000 to \$62,000		50%
	Over \$62,000 to \$72,000		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

The FY 2021 local assessment base of \$261,478,924,730 is derived from the main assessment book and subsequent adjustments discussed above. From this local assessment base, a local tax levy of \$3,007,007,633 is calculated using the adopted Real Estate Tax rate of \$1.15 per \$100 of assessed value. Based on an expected local collection rate of 99.70 percent, revenue from local assessments is estimated to be \$2,997,986,610. In FY 2021, every 0.01 percentage point change in the collection rate on the locally assessed Real Estate Tax levy yields a revenue change of \$0.3 million, while every penny on the tax rate yields \$26.5 million in revenue.

General Fund Revenue Overview

Added to the local assessment base is an estimated \$1,120,820,980 in assessed value for Public Service Corporations (PSC) property. Using the adopted Real Estate tax rate of \$1.15 per \$100 of assessed value, the tax levy on PSC property is \$12,889,441. The collection rate on PSC property is expected to be 100.0 percent.

The total assessment base, including Public Service Corporations, is \$262,599,745,710, with a total tax levy of \$3,019,897,074 at the adopted Real Estate Tax rate of \$1.15 per \$100 of assessed value. Estimated FY 2021 revenue from the Real Estate Tax, including receipts from Public Service Corporations totals \$3,010,876,051. Of this amount, the approximate value of one-half cent on the Real Estate Tax rate, \$13,247,000, has been directed to Fund 30300, Affordable Housing Development and Investment, and \$5,664,600 has been directed to Fund 70040, Mosaic District Community Development Authority.

FY 2021 Estimated Real Estate Assessments and Tax Levy

	Assessed Value	FY 2021 Tax Levy at \$1.15/\$100 of Assessed Value
FY 2020 Real Estate Book	\$255,191,954,950	\$2,934,707,482
FY 2021 Equalization	6,908,637,840	79,449,334
FY 2021 Growth	2,693,051,940	30,970,097
TOTAL FY 2021 REAL ESTATE BOOK	\$264,793,644,730	\$3,045,126,913
Exonerations	(\$1,000,000,000)	(\$11,500,000)
Certificates	(11,000,000)	(126,500)
Tax Abatements	(11,720,000)	(134,780)
Subtotal Exonerations	(\$1,022,720,000)	(\$11,761,280)
Supplemental Assessments	\$585,000,000	\$6,727,500
Tax Relief	(2,877,000,000)	(33,085,500)
Local Assessments	\$261,478,924,730	\$3,007,007,633
Public Service Corporation	\$1,120,820,980	\$12,889,441
TOTAL¹	\$262,599,745,710	\$3,019,897,074

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 2021 is \$634,327,000, with a tax levy of \$7,294,761.

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 2021 is \$634,327,000, with a tax levy of \$7,294,761 at the adopted Real Estate Tax rate of \$1.15 per \$100 of assessed value. Based on an expected collection rate of 99.70 percent, revenue from the Mosaic TIF tax assessment

General Fund Revenue Overview

is estimated to be \$7,272,876. 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 \$5,664,600 in FY 2021. Accordingly, the difference of \$1,608,276 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 \$2,991,964,451. The total local collection rates experienced in this category since FY 2006 are shown in the following table:

Real Estate Tax Local Collection Rates

Fiscal Year	Collection Rate	Fiscal Year	Collection Rate
2006	99.62%	2014	99.74%
2007	99.64%	2015	99.77%
2008	99.66%	2016	99.75%
2009	99.66%	2017	99.79%
2010	99.71%	2018	99.74%
2011	99.67%	2019	99.75%
2012	99.69%	2020 (estimated) ¹	99.70%
2013	99.71%	2021 (estimated) ¹	99.70%

¹ In FY 2021, every 0.1 percentage point change in the collection rate yields a revenue change of \$3.0 million.

The Commercial/Industrial percentage of the County's FY 2021 Real Estate Tax base is 19.72 percent, an increase of 0.06 percentage point over the FY 2020 level of 19.66 percent. Commercial/Industrial property values as a percentage of the Real Estate Tax base increased in FY 2021 as a result of new office construction and a slightly slower increase experienced in the residential portion of the Real Estate Tax base. The Commercial/Industrial percentage is based on Virginia land use codes and includes all nonresidential property except multi-family rental apartments, which make up 7.40 percent of the County's Real Estate Tax base in FY 2021. Fairfax County's historical Commercial/Industrial percentages are detailed in the following table:

Commercial/Industrial Percentages

Fiscal Year	Percentage	Fiscal Year	Percentage
2006	17.36%	2014	19.96%
2007	17.22%	2015	19.01%
2008	19.23%	2016	18.67%
2009	21.06%	2017	18.89%
2010	22.67%	2018	19.12%
2011	19.70%	2019	19.43%
2012	19.64%	2020	19.66%
2013	20.77%	2021	19.72%

Any deterioration in the County's real estate tax base, both residential and commercial, as a result of COVID-19, will be reflected in the January 1, 2021 assessments and will have an impact on the County's FY 2022 Real Estate tax revenues.

Personal Property Taxes

PERSONAL PROPERTY TAX-CURRENT

	FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
Paid Locally	\$404,810,253	\$413,940,434	\$420,359,003	\$425,070,249	\$410,883,909	(\$14,186,340)	(3.3%)
Reimbursed by State	211,313,944	211,313,944	211,313,944	211,313,944	211,313,944	0	0.0%
Total	\$616,124,197	\$625,254,378	\$631,672,947	\$636,384,193	\$622,197,853	(\$14,186,340)	(2.2%)

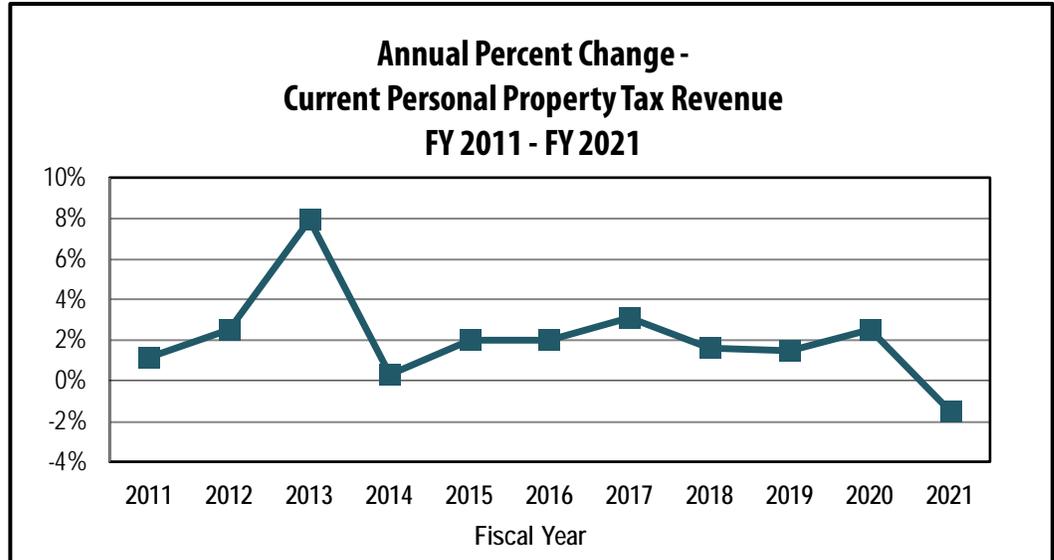
The FY 2021 Adopted Budget Plan estimate for Personal Property Tax revenue of \$622,197,853 represents a decrease of \$14,186,340 or 2.2 percent from the FY 2021 Advertised Budget Plan estimate. The projected decrease is based on the expected negative impact of COVID-19. The Personal Property Tax is levied on vehicles in the County (77 percent of total), as well as business personal property. The car tax is based on January 1, 2020 valuation using the J.D. Power's National Automobile Dealers' Association guide. While vehicle assessed values will not change for FY 2021, new vehicle purchases will likely fall from the level assumed in the advertised estimate. The adopted revenue estimate assumes a decrease of 1.0 percent in the total vehicle tax levy and a lower tax collection rate compared to FY 2020.

Business personal property is primarily comprised of assessments on furniture, fixtures, and computer equipment. Generally, during economic slowdown, businesses are not likely to purchase new equipment and some businesses could close altogether. A deterioration in the collection rate could also be expected. The business personal property tax levy is expected to decrease 3.0 percent in FY 2021 compared to FY 2020.

The Personal Property Tax on vehicles represents 77.1 percent of the total assessment base in FY 2021. 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 a continued increase in vehicle volume in the County and increasing average vehicle levy, the reimbursement percentage has been declining in recent years. Based on an estimate of the number and value of vehicles that will be eligible for tax relief in FY 2021, the reimbursement percentage is set at 58.5 percent, down from 59.0 percent in FY 2020.

General Fund Revenue Overview

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



From FY 2011 through FY 2019, annual growth in Personal Property Tax receipts has averaged 2.6 percent. During this period, as illustrated in the chart above, a sharp increase of 7.9 percent occurred in FY 2013. A reduction in the supply of new vehicles increased prices of both new and used automobiles. The decrease in supply was a result of a decline in U.S. auto production due to the slowdown in the economy and the earthquake and tsunami in Japan, which not only impacted Japanese automakers but also U.S. automakers that rely on parts from Japan. This situation caused the value of many used vehicles to depreciate less than what traditionally has been experienced and resulted in some vehicles actually appreciating over the year. This was not unique to Fairfax County, but was experienced nationwide. Personal Property Tax receipts are expected to increase 2.5 percent in FY 2020, and a decline of 1.5 percent is projected in FY 2021 as a result of COVID-19. The vehicle component, which comprises 77.1 percent of total Personal Property levy, is expected to decrease 1.0 percent based on analysis of vehicles in the County valued with information from the National Automobile Dealers Associations (NADA). Total vehicle volume is forecast to decline 0.1 percent in FY 2020 and FY 2021.

General Fund Revenue Overview

Changes in vehicle volume and average vehicle levy since FY 2011 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 2011	0.9%	\$397	2.6%
FY 2012	0.7%	\$411	3.5%
FY 2013	0.7%	\$437	6.3%
FY 2014	0.9%	\$445	1.8%
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 (est.)	(0.1%)	\$495	3.5%
FY 2021 (est.)	(0.1%)	\$491	(0.8%)

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. As government contractors cut back employment due to lower federal procurement spending, they delayed business expansions. Business levy rose a modest 0.8 percent in FY 2014 and 1.0 percent in FY 2015. Growth accelerated in FY 2016 to 1.2 percent and a strong 4.4 percent in FY 2017. Business levy decreased a slight 0.2 percent in FY 2018, likely due to depreciating value of newly acquired business personal property one year after acquisition, particularly given the strong growth experienced in FY 2017. Federal procurement spending in the County has continued to increase after the decline experienced due to the sequester, along with employment growth in Professional and Business Services jobs. As a result, business personal property levy grew 0.6 percent in FY 2019 and is anticipated to increase 3.4 percent in FY 2020. Due to COVID-19, a decline of 3.0 percent is projected for FY 2021.

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.

Personal Property Tax revenue estimates are based on a tax rate of \$4.57 per \$100 of valuation for vehicles and business property, and a tax rate of \$1.15 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.

General Fund Revenue Overview

FY 2021 Estimated Personal Property Assessments and Tax Levy

Category	FY 2021 Assessed Value	Tax Rate (per \$100)	FY 2021 Tax Levy	Percent of Total Levy
Vehicles				
Privately Owned	\$10,124,100,958	4.57	\$404,880,209	64.1%
Business Owned	599,402,304	4.57	24,153,963	3.8%
Leased	1,429,897,958	4.57	57,590,389	9.1%
Subtotal	\$12,153,401,220		\$486,624,561	77.1%
Business Personal Property				
Furniture and Fixtures	\$2,019,497,167	4.57	\$92,852,261	14.7%
Computer Equipment	759,989,927	4.57	34,871,207	5.5%
Machinery and Tools	31,587,930	4.57	1,447,197	0.2%
Research and Development	226,565	4.57	10,354	0.0%
Subtotal	\$2,811,301,589		\$129,181,019	20.4%
Other Personal Property				
Boats, Trailers, Miscellaneous	\$20,537,654	4.57	\$938,571	0.1%
Mobile Homes	14,949,405	1.15	171,918	0.1%
Subtotal	\$35,487,059		\$1,110,489	0.2%
Exonerations	(\$115,722,385)	4.57	(\$27,748,072)	(4.4%)
Omitted Assessments	277,877,058	4.57	6,169,206	1.0%
Total Local Assessed Value and Levy	\$15,162,344,541		\$595,337,203	94.3%
Public Service Corporations				
Equalized	\$3,110,960,815	\$1.15	\$35,776,050	5.7%
Vehicles	6,494,139	4.57	296,782	0.0%
Subtotal	\$3,117,454,954		\$36,072,832	5.7%
TOTAL	\$18,279,799,495		\$631,410,035	100.0%

FY 2021 Personal Property Tax assessments including Public Service Corporations are \$18,279,799,495, with a total tax levy of \$631,410,035. Personal Property Tax revenue collections are projected to be \$622,197,853, 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 2006 are shown in the following table:

General Fund Revenue Overview

Personal Property Tax Collection Rates

Fiscal Year	Collection Rate	Fiscal Year	Collection Rate
2006	98.1%	2014	97.4%
2007	98.3%	2015	98.4%
2008	98.0%	2016	98.5%
2009	97.9%	2017	98.4%
2010	97.8%	2018	98.3%
2011	97.9%	2019	98.0%
2012	98.2%	2020 (estimated) ¹	98.0%
2013	98.4%	2021 (estimated) ¹	97.6%

¹ Each 0.1 percentage point change in the collection rate on the local tax levy will impact revenues by approximately \$0.4 million, and each penny on the tax rate yields a revenue change of \$1.3 million.

The National Automobile Dealers' Association (NADA) indicated that the COVID-19 pandemic severely disrupted new- and used-vehicle wholesale vehicle operations at wholesale auctions and at dealerships. According to NADA, annual used car price expectations for 2020 have worsened, with year-over-year prices forecast to decline between 2 percent in the low-impact scenario (quick recovery) and 10 percent in the high-impact scenario (longer recovery after a deep recession). The severity of the decline will depend on the length of consumer and business restrictions, the economic conditions and the effect of government and manufacturer stimulus actions. Declines in the used vehicle values during calendar year 2020 will negatively impact the County's FY 2022 Personal Property tax revenue.

Business, Professional and Occupational License Tax

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

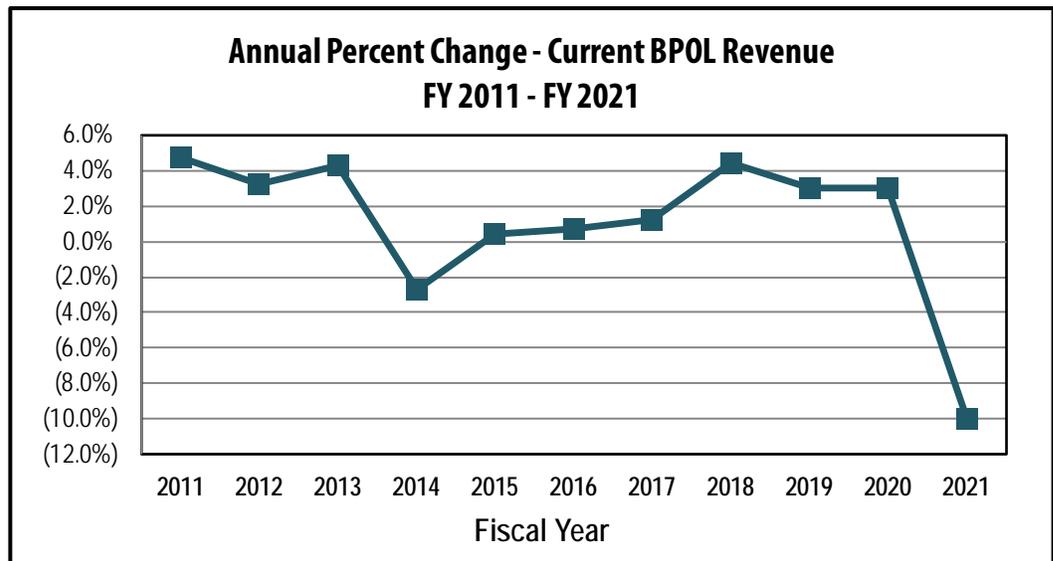
FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$167,155,844	\$173,382,796	\$172,125,305	\$174,707,185	\$154,912,776	(\$19,794,409)	(11.3%)

The FY 2021 Adopted Budget Plan estimate for Business, Professional, and Occupational License Taxes (BPOL) of \$154,912,776 reflects a decrease of \$19,794,409 or 11.3 percent from the FY 2021 Advertised Budget Plan. FY 2021 BPOL revenue is based on gross receipts of businesses generated during calendar year 2020. Due to COVID-19, the forecast assumes gross receipts will decline significantly.

As shown in the following chart, FY 2011 BPOL receipts, which were based on the gross receipts of businesses in calendar year 2010, reflected the improvement in local economic conditions after the Great Recession and increased 4.7 percent. Receipts increased a moderate 3.2 percent in FY 2012, and 4.3 percent in FY 2013, but decreased 2.7 percent in FY 2014 likely due to lower federal government procurement spending. Due to anemic job growth, BPOL receipts were essentially 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. Actual FY 2018 receipts increased 4.4 percent over the FY 2017 level, which was the strongest growth rate since FY 2011. FY 2019 grew 3.0 percent. The combined Consultant and Business Service Occupations categories, which represent over 42 percent of total BPOL receipts, increased 3.0 percent over the FY 2018 level. The

General Fund Revenue Overview

Retail category, which represents over 19 percent of total BPOL receipts, also rose 3.0 percent in FY 2019. Based on actual FY 2019 receipts, which were slightly lower than projected, the FY 2020 BPOL estimate was decreased \$1.3 million from the FY 2020 Adopted Budget Plan level during the fall 2019 revenue review. Receipts are expected to increase 3.0 percent in FY 2020, the same rate as the one experienced in FY 2019.



County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year. Very little actual data will be available to help assess the impact of COVID-19 and forecast FY 2021 BPOL receipts throughout the fiscal year. A major BPOL category that will be negatively impacted is Retail Merchants. Other categories of concern include Amusements, Hotels and Motels, Personal Service Occupations, Builders and Developers, and Business Services. Small businesses that rely on discretionary spending by consumers will most certainly see a drop in their gross receipts. Depending on the duration of the disruption, and absent any government help, many are likely to close altogether. However, a sizable share of the County's BPOL revenue is derived from large federal government contractors who rely on federal procurement spending. The FY 2021 revenue estimate assumes that these federal contractors will largely be insulated from the impact of the economic disruption. Based on these assumptions, FY 2021 BPOL tax revenue is expected to decrease \$17.2 million, or 10.0 percent compared to FY 2020.

Local Sales Tax

LOCAL SALES TAX

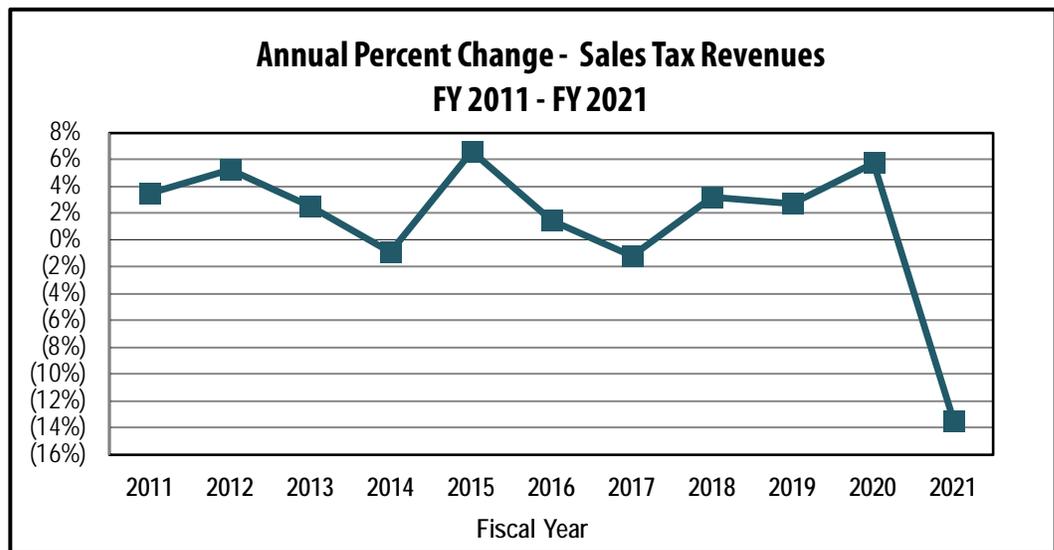
FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$187,037,828	\$193,194,909	\$197,708,570	\$202,651,284	\$171,031,788	(\$31,619,496)	(15.6%)

The FY 2021 Adopted Budget Plan estimate for Sales Tax receipts of \$171,031,788 reflects a decrease of \$31,619,496 or 15.6 percent from the FY 2021 Advertised Budget Plan. The steps taken to prevent the COVID-19 virus from spreading have curtailed travel and public gatherings throughout the country. In Virginia, Governor Northam issued a statewide Stay at Home order on March 30 through June 10 to protect the health and safety of residents and to mitigate the spread of the

General Fund Revenue Overview

coronavirus. Even before the Governor's order, many restaurants, movie theaters, large retailers and other businesses had shut down. As a result, consumers are expected to make fewer taxable purchases in FY 2021, resulting in lower Sales Tax revenue. Categories that will be severely impacted include Restaurant and Drinking Places, Accommodation and Amusement, as well as discretionary spending for many items such as home appliances, furniture, clothes, and automobiles.

The following chart illustrates that the level of Sales Tax receipts has varied with economic conditions.



After two consecutive years of decline due to the Great Recession, FY 2011 Sales Tax receipts rose 3.5 percent. Growth continued in FY 2012 with Sales taxes rising 5.2 percent, the strongest rate of growth since FY 2005. In FY 2013, Sales Tax receipts continued to grow but at a more modest rate of 2.5 percent. Total FY 2014 Sales Tax receipts were down 0.9 percent, the first decline in four years. The decline was primarily due to the severe winter weather, as well as federal sequestration and refunds for prior year's receipts totaling \$2.0 million. After increasing a strong 6.6 percent in FY 2015, Sales Tax receipts in FY 2016 grew a modest 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. Actual FY 2018 collections increased 3.1 percent and 2.7 percent in FY 2019. During the fall 2019 revenue review, the FY 2020 estimate was increased \$4.5 million based on year-to-date collections, which were up 6.4 percent through December. It is likely that a significant part of the increase is due to a new law passed by the Virginia General Assembly and signed by the Governor requiring the collection of state and local sales taxes from remote internet sellers in response to the provisions of the U.S. Supreme Court decision in the South Dakota v. Wayfair, Inc. case. The law went into effect on July 1, 2019. The revised FY 2020 estimate reflects a growth rate of 5.7 percent over the FY 2019 actual receipts. It should be noted that the *FY 2020 Revised Budget Plan* estimate has not been adjusted to reflect the impact of the pandemic because there was no available data to assess the impact on the County's Sales Tax revenue from the disruption in retail sales. Sales tax receipts received by the County in April are based on purchases made in February. May receipts are for purchasing activity in March, when consumers stockpiled on food, beverages, and other personal items. The magnitude of the impact started to be evident in the County's June Sales Tax receipts, which were down almost 16 percent.

General Fund Revenue Overview

The overall FY 2021 Sales Tax revenue loss will depend on the timing and rate of economic recovery. If the containment of the virus is successful by mid-summer and consumer confidence is not permanently affected, retail sales might rebound quickly. However, if the disruption lasts through the fall, or if the virus returns later in the year after successful initial containment, the declines in consumer confidence will be long-term and the negative impact on consumption will be compounded. Taking these factors into account, Sales Tax receipts in FY 2021 are conservatively projected to decrease 13.5 percent from the FY 2020 estimate.

Recordation/Deed of Conveyance Taxes

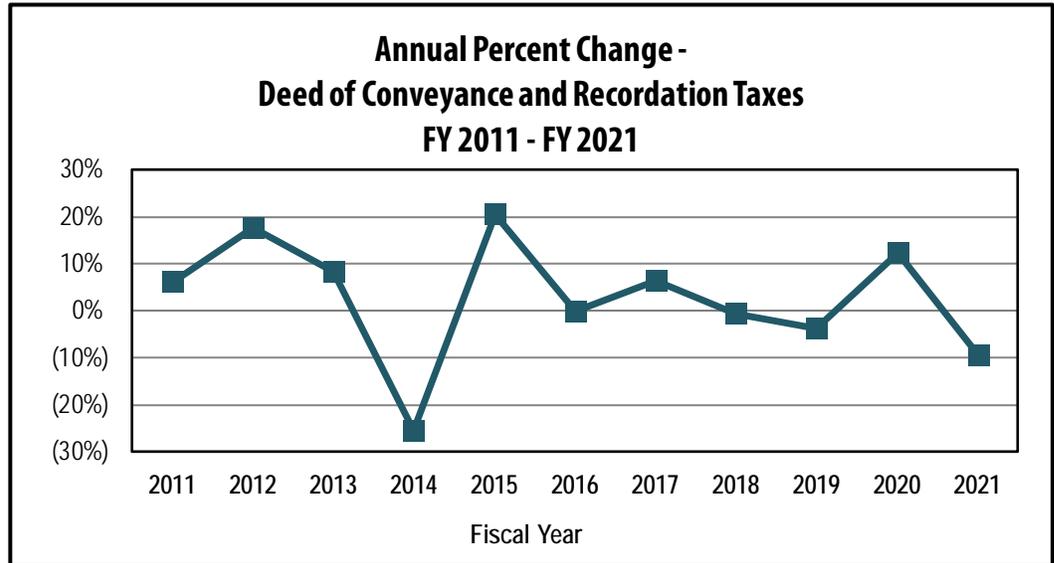
RECORDATION/DEED OF CONVEYANCE TAXES

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$30,729,364	\$28,488,338	\$34,471,875	\$31,212,155	\$31,212,155	\$0	0.0%

The FY 2021 Adopted Budget Plan estimate for Recordation and Deed of Conveyance Taxes of \$31,212,155 represents no change from the FY 2021 Advertised Budget Plan and a decrease of \$3,259,720 from the *FY 2020 Revised Budget Plan*. The FY 2021 estimate is comprised of \$23,540,000 in Recordation Tax revenues and \$7,672,155 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.

Primarily due to increased mortgage refinancing activity as a result of historically low mortgage interest rates, revenues increased 6.1 percent in FY 2011, 17.6 percent in FY 2012, and 8.5 percent in FY 2013. FY 2014 receipts declined a combined 25.4 percent due to a decline in mortgage refinancing as a result of higher interest rates, as well as a decline in the number of home sales. After increasing a strong 20.5 percent in FY 2015, 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. Through May 2020, combined receipts are up 27.7 percent as a result of sharply lower mortgage interest rates, which have spurred a significant increase in refinancing activity. The FY 2020 estimate for Recordation and Deed of Conveyance Tax revenue was increased \$6.0 million as part of the fall 2019 revenue review, reflecting an increase of 12.2 percent. FY 2021 receipts are projected to decrease a combined 9.5 percent based on the anticipation that refinancing activity will be lower compared to FY 2020.



Consumer Utility Taxes

CONSUMER UTILITY TAXES - GAS AND ELECTRIC

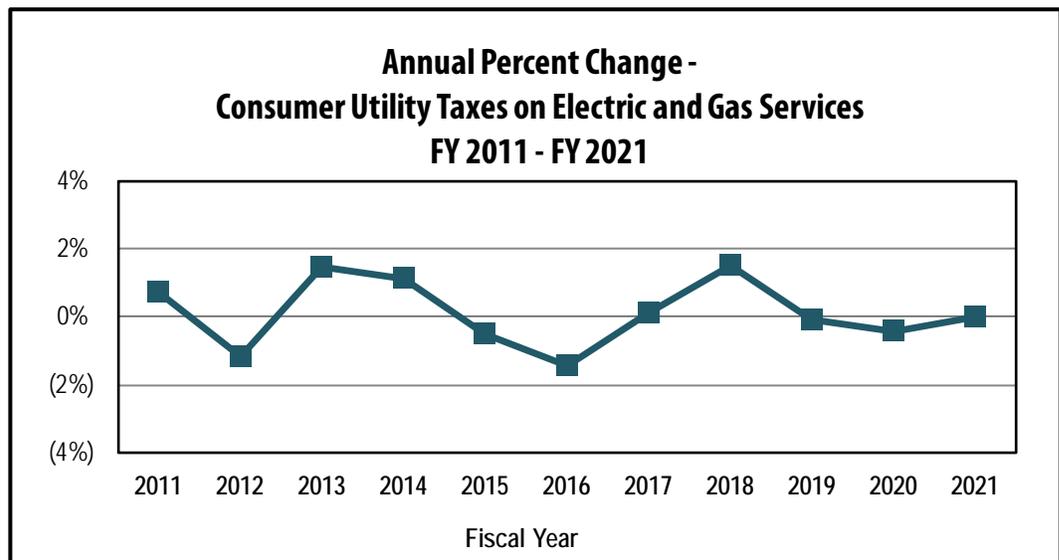
FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$45,838,073	\$45,533,698	\$45,639,081	\$45,867,276	\$45,639,081	(\$228,195)	(0.5%)

The FY 2021 Adopted Budget Plan estimate for Consumer Utility Taxes on gas and electric services of \$45,639,081 represents a decrease of \$228,195 or 0.5 percent from the FY 2021 Advertised Budget Plan. The FY 2021 estimate is comprised of \$36,019,387 in taxes on electric service and \$9,619,694 in taxes on gas service. County residents and businesses are subject to Consumer Utility Taxes based on their consumption of electricity and gas services. 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 2021	Natural Gas Customer Class	Monthly Tax FY 2001-FY 2021
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

Revenues from Consumer Utility Taxes on gas and electric services from FY 2011 to FY 2019 have remained stable, growing at an average annual rate of just 0.1 percent. The FY 2020 revenue estimate reflects a slight decrease of 0.4 percent from the FY 2019 level. No growth is projected in FY 2021.



Communication Sales Tax

COMMUNICATIONS SALES TAX

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$6,911,547	\$5,399,506	\$3,492,634	\$1,415,924	\$3,492,634	\$2,076,710	146.7%

The FY 2021 Adopted Budget Plan estimate for the General Fund portion of the Communications Sales Tax of \$3,492,634 reflects an increase of \$2,076,710 or 146.7 percent over the FY 2021 Advertised Budget Plan. As part of the adopted FY 2021 budget, all pay adjustments for County employees were eliminated. As a result, a lower allocation of Communications Sales Tax revenue to Fund 40090, E-911 to cover all expenses is required, resulting in higher allocation for the General Fund.

The Communications Tax is a statewide tax that was first implemented in January 2007, after the 2006 Virginia General Assembly session approved legislation that changed the way in which taxes are levied on communications services. Based on this legislation, local taxes on land line and wireless telephone services were replaced with a 5 percent statewide Communication Sales Tax. In addition to the communications services previously taxed, the 5 percent Communication Sales Tax applies to satellite television and radio services, internet calling and long-distance telephone charges. As part of this legislation, local E-911 fees were repealed and replaced with a statewide \$0.75 per line fee. These rates were meant to provide revenue neutrality with FY 2006 receipts, which were \$85.5 million for Fairfax County. All communications taxes are remitted to the state for distribution to localities based on the locality's share of total statewide FY 2006 collections of these taxes. Fairfax County's share is determined by the state and is set at 18.89 percent. Of the total tax, the Cable Franchise portion is directed to Fund 40030, Cable Communications. Prior to FY 2015, the percentage of the remaining revenue was directed to Fund 40090, E-911 and the General Fund based on their relative share of the tax in FY 2006. However, to cover all the expenses in the E-911 Fund, a transfer from the General Fund was still required. To eliminate the need for a General Fund transfer, beginning in FY 2015, more Communications Sales Tax revenue is directed to Fund 40090, E-911. The FY 2020 General Fund estimate was reduced \$1.9 million as part of the fall 2019 revenue review based on actual receipts during FY 2019 and collection trends during FY 2020. In FY 2021, total Communications Sales Taxes are projected to be \$64.9 million. Of the total tax, Cable Franchise Fees of \$14.4 million will be directed to Fund 40030, Cable Communications. Of the remaining tax, \$47.0 million will be posted in Fund 40090, E-911 and \$3.5 million to the General Fund in FY 2021.

The distribution of the tax since FY 2019 is shown below. The table illustrates that this tax has eroded significantly over the years compared to the \$85.5 million collected by the County in FY 2006.

Communications Sales Tax Revenue

Fund	FY 2019 Actual	FY 2020 Projected	FY 2021 Projected
Fund 10001, General Fund	\$6,911,547	\$3,492,634	\$3,492,634
Fund 40030, Cable Communications	16,403,475	15,130,806	14,374,266
Fund 40090, E-911	44,450,304	46,986,272	46,986,272
Total	\$67,765,326	\$65,609,712	\$64,853,172

Vehicle Registration License Fee

VEHICLE REGISTRATION LICENSE FEE

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$27,426,110	\$27,464,107	\$27,464,107	\$27,601,428	\$27,052,146	(\$549,282)	(2.0%)

The FY 2021 Adopted Budget Plan estimate for Vehicle Registration Fee revenue of \$27,052,146 reflects a decrease of \$549,282 or 2.0 percent from the FY 2021 Advertised Budget Plan based on the assumption that vehicle volume in the County will decrease due to the economic impact of COVID-19 resulting in fewer car purchases throughout the year. 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. The net FY 2020 estimate remains unchanged based on actual collections year-to-date. 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 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$22,918,266	\$23,249,668	\$23,491,223	\$24,078,504	\$16,443,857	(\$7,634,647)	(31.7%)

The FY 2021 Adopted Budget Plan estimate for Transient Occupancy Tax of \$16,443,857 reflects a decrease of \$7,634,647 or 31.7 percent from the FY 2021 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.

Due to the impact of the COVID-19 pandemic, the U.S. hotel industry has reported significant year-over-year declines in three key performance metrics: occupancy, average daily rate (ADR), and revenue per available room (RevPAR). The travel industry is projected to report a 50 percent decline in RevPAR in calendar year 2020 based on data from STR and Tourism Economics.

In Fairfax County, hotel occupancy for the week ended March 14 was only 22 percent, with some hotels at single-digit occupancy. April occupancy was down over 76 percent compared to a year ago. ADR was down 39 percent and RevPAR was down over 85 percent in April. As with Sales Tax, the cumulative losses in Transient Occupancy Tax revenue in FY 2021 will depend on the duration of the disruption and the rate of recovery in consumer confidence. Once travel resumes, pent-up travel demand and federal aid will likely help the recovery to begin later this year and into early next year. Revenue from Transient Occupancy Tax is projected to decrease \$7.0 million, or 30.0 percent from the FY 2020 level.

Cigarette Tax

CIGARETTE TAX

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$5,787,235	\$5,916,915	\$5,477,039	\$5,422,269	\$5,422,269	\$0	0.0%

The FY 2021 Adopted Budget Plan estimate for Cigarette Tax of \$5,422,269 reflects no change from the FY 2021 Advertised Budget Plan and a decrease of \$54,770 or 1.0 percent from the *FY 2020 Revised Budget Plan*. Currently, Fairfax County and Arlington County are the only counties in Virginia authorized to levy a tax on cigarettes. The County's rate is 30 cents per pack. The 2020 General Assembly authorized all counties to impose a Cigarette Tax at a rate not to exceed 40 cents per pack effective July 1, 2021.

Cigarette Tax receipts fell for a seventh consecutive year, decreasing 11.0 percent in FY 2019. During the fall 2019 revenue review, the FY 2020 estimate was decreased \$0.4 million, reflecting a decline of 5.4 percent, based on actual receipts during FY 2019 and year-to-date collections trends. FY 2021 Cigarette Tax receipts are anticipated to decline 1.0 percent.

Bank Franchise Tax

BANK FRANCHISE TAX

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$23,699,652	\$23,654,317	\$23,654,317	\$23,890,860	\$23,654,317	(\$236,543)	(1.0%)

The FY 2021 Adopted Budget Plan estimate for Bank Franchise Tax of \$23,654,317 reflects a decrease of \$236,543 or 1.0 percent from the FY 2021 Advertised Budget Plan. Billing for the Bank Franchise Tax is done by the Department of Tax Administration in the middle of March, with payment of the FY 2020 bills due by June 1. As a result, little actual data is available for the majority of the fiscal year in order to revise the FY 2020 estimate, which remains at the adopted level.

Permits, Fees and Regulatory Licenses

PERMITS, FEES AND REGULATORY LICENSES

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$55,874,600	\$53,559,013	\$55,556,374	\$54,973,621	\$49,642,908	(\$5,330,713)	(9.7%)

The FY 2021 Adopted Budget Plan estimate for Permits, Fees, and Regulatory Licenses of \$49,642,908 reflects a decrease of \$5,330,713 or 9.7 percent from the FY 2021 Advertised Budget Plan primarily due to lower Land Development Services Building and Inspection fees, Zoning and Fire Marshal fees revenue. It should be noted that revenue from Home Childcare Permits in the amount of \$15,353 is transferred from the General Fund to Fund 40045, Early Childhood Birth to 5.

Land Development Service (LDS) fees for building permits, site plans, and inspection services make up over three-quarters of the Permits, Fees, and Regulatory Licenses category. It is expected that as a result of the COVID-19 disruption revenue collected from Land Development Services Building and Inspection fees will decline in FY 2021 by \$4.9 million, or 11.5 percent from the *FY 2020 Revised Budget Plan*. Revenue from these fees typically tracks closely to current conditions of the construction industry and the real estate market. Staff will continue to monitor permitting activity and revenue collections and any necessary FY 2021 revenue adjustments will be included in subsequent budget reviews. Other fee revenue estimates that were adjusted as part of the adopted budget due to COVID-19 include Zoning fees and Fire Marshal fees, projected to decline 10.0 percent from the *FY 2020 Revised Budget Plan*.

Investment Interest

INVESTMENT INTEREST

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$69,032,333	\$80,017,523	\$58,630,895	\$46,118,088	\$21,923,617	(\$24,194,471)	(52.5%)

The FY 2021 Adopted Budget Plan estimate for Investment Interest of \$21,923,617 reflects a decrease of \$24,194,471 or 52.5 percent from the FY 2021 Advertised Budget Plan. 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. It is also highly dependent on the Federal Reserve actions. At the time of the development of the advertised budget, the federal funds rate was at 1.50-1.75 percent range and the Fed had signaled that this level was likely to remain appropriate. In the face of the coronavirus crisis, the Federal Reserve implemented two emergency rate cuts in the beginning of March and took the benchmark interest rate to near zero. Since the central bank began announcing its rate moves in 1994, the Fed has never moved to cut interest rates on two separate occasions in between scheduled meetings. To prop the U.S. economy from the fallout of the pandemic, the Fed also announced numerous steps to ensure that banks can keep lending to businesses.

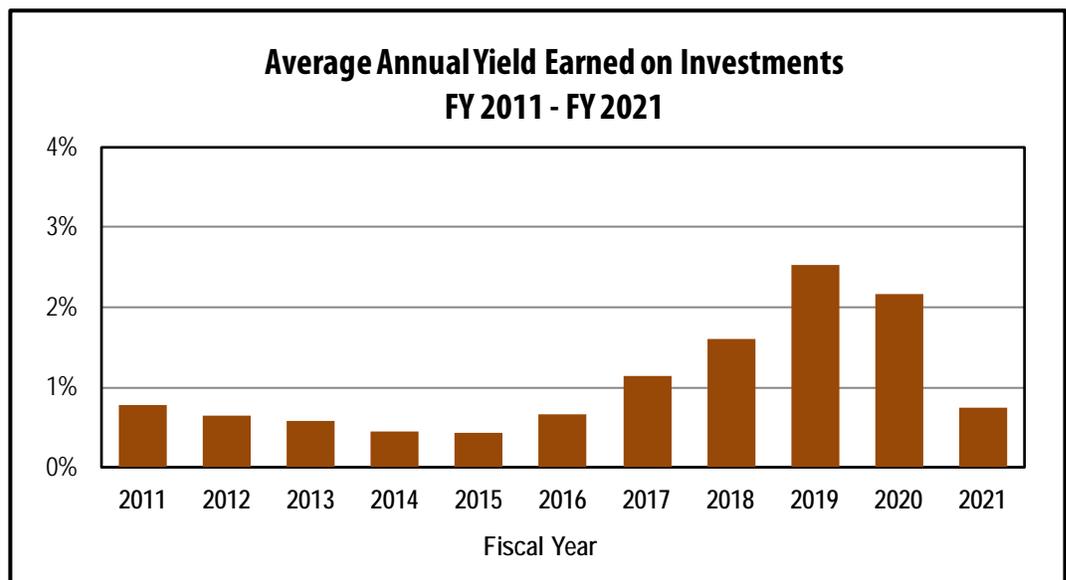
General Fund Revenue Overview

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 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 2.53 percent.

This revenue category required a substantial adjustment during the fall 2019 revenue review of FY 2020 estimates. At the time of the preparation of the FY 2020 Adopted Budget Plan revenue estimate, the Fed had indicated that two interest rate hikes were possible in 2019. Staff expected that the annual yield on the investment portfolio will be 3.00 percent in FY 2020. The Federal Reserve did not raise rates in its March and June 2019 meetings and downgraded its expected rate path to signal that no rate increases were likely in 2019. However, in July, September, and October 2019, the Fed 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 estimate was decreased a total of \$21.4 million. The FY 2020 estimate assumes a yield of 2.16 percent.

As noted, the Fed’s actions with regard to cutting interest rates to near zero due to COVID-19 will negatively impact the earnings that the County generates on its portfolio investments. General Fund Investment Interest revenue in FY 2021 is projected to decline \$36.7 million, or 62.6 percent from the FY 2020 level based on a projected average yield of 0.74 percent. Staff will continue to monitor the impact of the Fed actions on County investment earnings.

The following table shows the yield earned on investments since FY 2011.



Charges for Services

CHARGES FOR SERVICES

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$85,476,153	\$83,305,683	\$86,396,338	\$87,154,390	\$83,119,246	(\$4,035,144)	(4.6%)

The FY 2021 Adopted Budget Plan estimate for Charges for Services revenue of \$83,119,246 reflects a decrease of \$4,035,144 or 4.6 percent from the FY 2021 Advertised Budget Plan. This decrease is primarily the result of projected decreases in School-Age Child Care (SACC) fee revenue.

The closure of Fairfax County Public Schools and County facilities to the public, including community, senior, and teen centers due to COVID-19 meant that the many center-based services and recreational activities offered by the County's Department of Neighborhood and Community Services were cancelled. The County's SACC program paused operations in mid-March with the closure of schools for the academic year, and the closure of summer youth camp programming across County-operated programs meant the cancellation of popular programs like Summer SACC, RecQuest, and Therapeutic Recreation (TR) summer camps. As a result, revenue from these County programs is expected to be down in both FY 2020 and FY 2021. It should be noted that the *FY 2020 Revised Budget Plan* estimate for SACC fee revenue has not been adjusted to reflect the impact of the pandemic and the closure of the SACC program.

Fines and Forfeitures

FINES AND FORFEITURES

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$12,258,740	\$12,583,545	\$11,795,664	\$11,795,664	\$11,795,664	\$0	0.0%

The FY 2021 Adopted Budget Plan estimate for Fines and Forfeitures of \$11,795,664 reflects no change from the FY 2021 Advertised Budget Plan.

Recovered Costs/Other Revenue

RECOVERED COSTS / OTHER REVENUE

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$18,610,536	\$16,934,540	\$15,745,731	\$16,234,444	\$16,234,444	\$0	0.0%

The FY 2021 Adopted Budget Plan estimate for Recovered Costs/Other Revenue of \$16,234,444 reflects no change from the FY 2021 Advertised Budget Plan and an increase of \$488,713 or 3.1 percent over the FY 2020 Revised Budget Plan. The FY 2021 revenue increase compared to the FY 2020 level is primarily the result one-time adjustments in FY2020 associated with the City of Fairfax Shared Governmental Expenses reimbursement, resulting in an increase of \$0.7 million in FY 2021. Partially offsetting this increase is the transfer of revenue from the General Fund to Fund 40045, Early Childhood Birth to 5, associated with Child Care Services for Other Jurisdictions in the amount of \$155,918.

During the *FY 2020 Third Quarter Review*, the revenue estimate for Recovered Costs/Other Revenue was increased \$50,000. This increase was associated with the Unsolicited Public-Private Education Facilities and Infrastructures Act (PPEA) Fee revenue received in conjunction with the Fairfax Peak Project to address costs related to evaluation of the proposal. The revenue increase was completely offset by an expenditure increase for no net impact to the General Fund.

Revenue from the Commonwealth/Federal Government

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

FY 2019 Actual	FY 2020 Adopted	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	Increase/ (Decrease)	Percent Change
\$140,078,106	\$140,019,660	\$342,706,588	\$142,118,771	\$141,634,775	(\$483,996)	(0.3%)

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 2021 Adopted Budget Plan estimate for Revenue from the Commonwealth and Federal Government of \$141,634,775 reflects a decrease of \$483,996 or 0.3 percent from the FY 2021 Advertised Budget Plan estimate. The decrease is primarily the result of the elimination from the adopted budget of contract rate increases for the providers of mandated service which were included in the advertised budget. The revenue decrease is completely offset by an expenditure decrease.

It should be noted that Revenue from the Federal Government in the amount of \$44,689 supporting school readiness activities is transferred from the General Fund to Fund 40045, Early Childhood Birth to 5 in FY 2021.

The *FY 2020 Revised Budget Plan* estimate for Revenue from the Commonwealth and Federal Government represents an increase of \$202.7 million over the FY 2020 Adopted Budget Plan estimate primarily due to one-time federal stimulus revenue authorized by the U.S. Congress in March 2020 and received by the County in April 2020 from the CARES Act \$150 billion Coronavirus Relief Fund to cover necessary expenditures incurred due to the COVID-19 public health emergency.