

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. Additionally, DTA is committed to maintaining a diverse workforce and presently offers over 20 different spoken languages. Such diversity allows the department to address equity actions as outlined in DTA's One Fairfax Equity Impact Plan. In FY 2022, DTA continues to focus on efforts to increase residents' secure access to pertinent tax information. In FY 2016, DTA and the Department of Information Technology (DIT) launched the MyFairfax secure e-commerce web portal that allows taxpayers to directly access their own real estate and personal property tax accounts, to include payment history. Residents are able to establish a secure online account through MyFairfax. This account enables residents 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, residents 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. Given COVID-19 conditions, DTA has bolstered its public outreach campaign to encourage residents to transact online and over the phone. By bolstering this outreach, DTA has seen a 49 percent reduction in foot traffic and a 12 percent increase in online personal property transactions. Additionally, DTA has implemented appointment software which will allow residents to make appointments remotely, over the phone, and in-person. Although DTA has bolstered its outreach, there is still a lot of work to achieve a long-term digital presence.

The Tax Relief Outreach Program, which is part of the Revenue Collection Division, remains a popular program that provides County residents with on-site assistance and eligibility information regarding tax relief. During the pandemic, staff have intensified efforts to educate eligible residents about the program utilizing options with social distancing.

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 more than two thirds of all General Fund revenue. The residential real estate market in FY 2022 is expected to continue the recent pattern of modest increases even during the pandemic, as it has been bolstered by record low interest rates and low inventory. However, it is expected that commercial real estate values will suffer significantly because of COVID-19, particularly in the hospitality, retail, restaurant, and senior care sectors. Due to the loss of income, some businesses will not be able to survive and will close, causing vacancies to rise for these property types.

In FY 2022, the Personal Property and Business License cost center continues 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) continue to be high priorities in FY 2022. 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 continues to be used for this purpose. Several enhancements to the new tracking system implemented in FY 2021 will further streamline the entire investigative process. DTA will also

continue its great partnership with the Office of the Sheriff and the Police Department in reporting potential vehicle tax evaders.

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 about workflow. 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 two-minute wait for service. As call volume spikes at peak times during the year, other DTA divisions provide expansion capacity whereby staff can be immediately added to the call center to reduce wait time.

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. 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. Additionally, DTA implemented a new parking ticket system which will enhance enforcement.

The Revenue Collection cost center also 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 to provide responsive customer service. Efforts to reduce walk-in traffic include the promotion of online registration of new vehicles and online payment of taxes. DTA is also working on other initiatives that will assist in reducing walk-in traffic and help streamline processes.

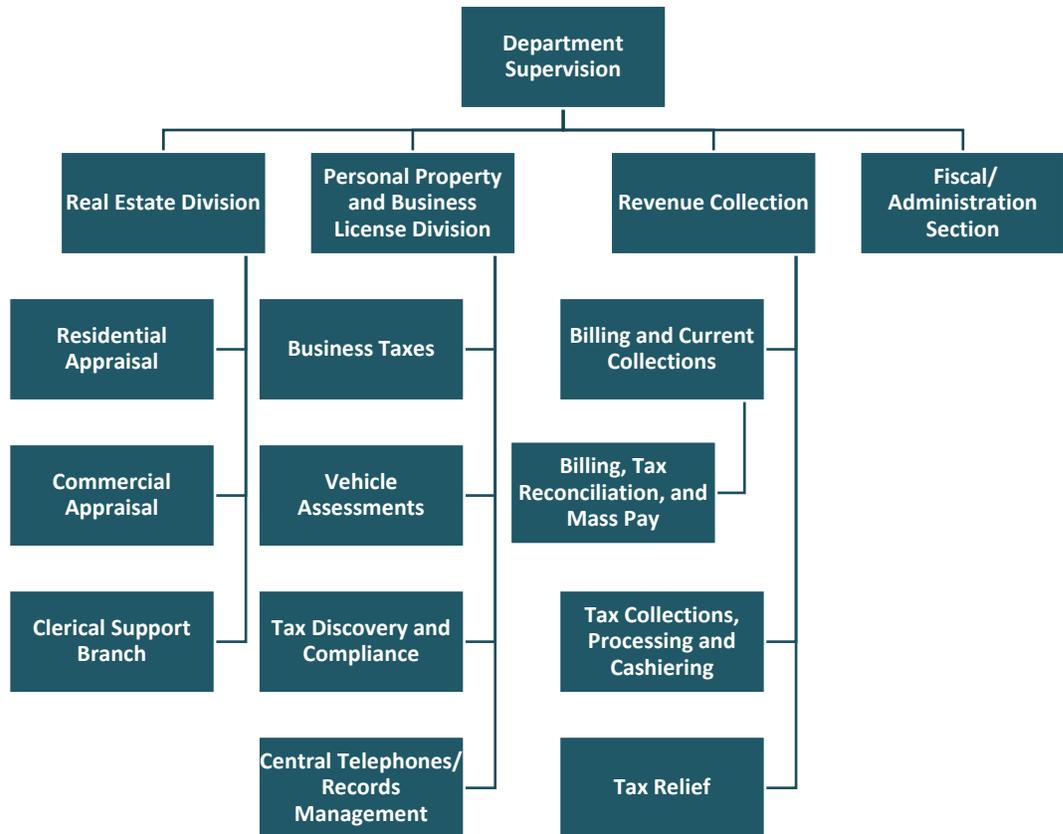
Pandemic Response and Impact

In response to the COVID-19 pandemic, DTA has taken several steps to address the needs of County residents and DTA employees. With Board approval, DTA extended the annual filing deadline for Tax Relief to June 1, 2020. Additionally, the Board approved the extension of the personal property and business filing due date to June 1, 2020 and the real estate tax due date to August 28, 2020. The Board also reduced all associated penalties for late Real Estate and Personal Property tax payments for tax year 2020 to provide additional relief during COVID-19 conditions to taxpayers who are unable to make timely tax payments. DTA has also implemented the use of appointment software to further assist in serving residents, while adhering to the appropriate social distancing guidelines. Additionally, DTA now provides payment only drop-off sites at select library locations.

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To address the health and safety needs of staff and residents, DTA took several other actions, including constructing barriers at all DTA tax counters between staff and residents, providing staff with Personal Protective Equipment (PPE), and adding enhanced cleaning regiments to all division schedules. DTA addressed social distancing needs within DTA suites by allowing additional staff to telework, providing staff with laptops and tablets, constructing barriers between some low-walled cubicles, posting signs which encourage social distancing, and allowing for one-way movement throughout offices. These safety measures also extended to staff who travel in the field for tax assessment and discovery work throughout the County. They include cleaning vehicles before and after use, allowing one employee per vehicle, using face coverings and gloves, and providing staff with appropriate cleaning supplies and hand sanitizer.

Organizational Chart



Budget and Staff Resources

Category	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$19,476,456	\$21,795,363	\$20,831,363	\$21,903,049	\$22,121,002
Operating Expenses	6,647,248	6,031,493	6,643,003	6,031,493	6,031,493
Total Expenditures	\$26,123,704	\$27,826,856	\$27,474,366	\$27,934,542	\$28,152,495
Income:					
Land Use Assessment Application Fees	\$334	\$792	\$792	\$792	\$792
Fees for Collection of Delinquent Taxes	2,048,694	2,075,753	825,753	2,075,753	2,075,753
State Shared DTA Expenses	1,937,345	1,954,848	1,954,848	1,954,848	1,954,848
State Shared Retirement - DTA	38,028	38,996	38,996	38,996	38,996
Total Income	\$4,024,401	\$4,070,389	\$2,820,389	\$4,070,389	\$4,070,389
NET COST TO THE COUNTY	\$22,099,303	\$23,756,467	\$24,653,977	\$23,864,153	\$24,082,106
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	296 / 296	296 / 296	296 / 296	297 / 297	297 / 297

FY 2022 Funding Adjustments

The following funding adjustments from the FY 2021 Adopted Budget Plan are necessary to support the FY 2022 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 4, 2021.

Employee Compensation **\$217,953**
 An increase of \$217,953 in Personnel Services is included for a 1.00 percent market rate adjustment (MRA) for all employees effective July 2021.

Audit Manager **\$107,686**
 An increase of \$107,686 and 1/1.0 FTE new position is for an Audit Manager position to oversee the Audit Section in response to anticipated growth in the number of businesses in redevelopment areas and increases in the number and complexity of appeals. It should be noted that an increase of \$54,035 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 associated with the position for no net impact to the General Fund.

**Changes to
FY 2021
Adopted
Budget Plan**

The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, FY 2021 Third Quarter Review, and all other approved changes through April 30, 2021.

Carryover Adjustments **\$111,510**
As part of the FY 2020 Carryover Review, the Board of Supervisors approved encumbered funding of \$111,510 primarily for contractual services.

Third Quarter Adjustments **(\$464,000)**
As part of the FY 2021 Third Quarter Review, the Board of Supervisors approved funding of \$286,000 in Personnel Services for a one-time compensation adjustment of \$1,000 for merit employees and \$500 for non-merit employees paid in May 2021. The increase was offset by a reduction of \$750,000 in Personnel Services expenditures to reflect anticipated savings based on efficiencies and trends in actual Personnel expenditures.

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 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
EXPENDITURES					
Total Expenditures	\$3,092,027	\$1,546,982	\$1,634,242	\$1,572,735	\$1,580,362
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	17 / 17	17 / 17	11 / 11	11 / 11	11 / 11

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 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
EXPENDITURES					
Total Expenditures	\$7,874,552	\$10,197,468	\$9,561,468	\$10,197,468	\$10,295,783
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	110 / 110	110 / 110	110 / 110	110 / 110	110 / 110

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 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
EXPENDITURES					
Total Expenditures	\$7,753,403	\$7,990,901	\$8,106,901	\$8,098,587	\$8,171,522
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	112 / 112	112 / 112	112 / 112	113 / 113	113 / 113

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 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
EXPENDITURES					
Total Expenditures	\$7,403,722	\$8,091,505	\$8,171,755	\$8,065,752	\$8,104,828
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	57 / 57	57 / 57	63 / 63	63 / 63	63 / 63

Position Detail

The FY 2022 Adopted Budget Plan includes the following positions:

DEPARTMENT SUPERVISION - 11 Positions					
Department Administration					
1	Director of Tax Administration		2	Management Analysts I	
1	Management Analyst IV		1	Administrative Assistant V	
1	Accountant III				
Department Technical Section					
1	IT Program Manager I		4	Business Analysts IV	
REAL ESTATE - 110 Positions					
1	Director of Real Estate		1	Management Analyst III	
3	Assistant Directors		1	Administrative Assistant IV	
Board of Equalization					
1	Administrative Assistant III				
Residential Appraisal					
8	Supervising Appraisers		19	Appraisers II	
2	Appraisers III		25	Appraisers I	
Commercial Appraisal					
6	Supervising Appraisers		15	Appraisers II	
2	Appraisers III		1	Appraiser I	

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Clerical Support Branch			
1	Management Analyst III	3	Administrative Assistants V
1	Management Analyst II	3	Administrative Assistants IV
1	Management Analyst I	16	Administrative Assistants III
PERSONAL PROPERTY AND BUSINESS LICENSE - 113 Positions			
1	Director	1	Administrative Assistant IV
2	Assistant Directors		
Vehicle Assessments			
1	Management Analyst II	13	Administrative Assistants IV
3	Administrative Assistants V	5	Administrative Assistants III
Tax Discovery and Compliance			
2	Management Analysts II	15	Administrative Assistants IV
2	Administrative Assistants V	1	Administrative Assistant III
Central Telephones and Records Management			
1	Management Analyst II	8	Administrative Assistants III
4	Administrative Assistants V	2	Administrative Assistants I
8	Administrative Assistants IV		
Business Taxes			
1	Auditor Manager [+1]	1	Management Analyst II
8	Auditors III	15	Business Tax Specialists II
2	Auditors II	2	Administrative Assistants V
1	Management Analyst III	14	Administrative Assistants IV
REVENUE COLLECTION - 63 Positions			
1	Director	1	Administrative Assistant IV
1	Management Analyst IV		
Delinquent Tax Collections, Processing, and Cashiering			
1	Management Analyst III	20	Administrative Assistants IV
4	Management Analysts II	4	Administrative Assistants III
6	Administrative Assistants V		
Billing, Taxes Reconciliation, and Mass Pay			
1	Management Analyst III	6	Administrative Assistants IV
2	Management Analysts II	6	Administrative Assistants III
4	Administrative Assistants V		
Tax Relief			
1	Management Analyst III	3	Administrative Assistants IV
1	Management Analyst II		
1	Management Analyst I		
+	Denotes New Position(s)		

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 2020, the department processed over 620,000 e-commerce transactions totaling over \$616 million dollars.

FY 2020 data indicate an assessment-to-sales ratio of 95.3 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 3.1 in FY 2020. A low coefficient indicates that similar properties are

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assessed uniformly and, hence, equitably. A coefficient of 15 is considered good, while actual values indicate excellent uniformity.

In FY 2020, the cost per dollar of Personal Property and BPOL levy was \$0.01, consistent with the target, and exonerations were 3.4 percent of the total tax levy. Exonerations occur after a record has been assessed and levied. Although some level of records will always change after the fact due to prorating, the objective is to bill records correctly the first time and minimize subsequent adjustments. Exonerations of no more than 5 percent indicate excellent billing practices. In FY 2021 and FY 2022, 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 99.75 percent in FY 2020, 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 residents 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 97.57 percent in FY 2020. A collection rate of 98.89 percent was achieved for Business, Professional and Occupational License taxes in FY 2020. DTA continues to work diligently to maintain high collection rates during FY 2021 and FY 2022 despite substantial challenges posed by COVID-19.

Indicator	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Department Supervision						
Percent change in 24/7 e-commerce transactions	9.3%	5.5%	4.0%	6.0%	4.0%	4.0%
Percent variance between estimated and actual revenues	0.1%	0.1%	0.5%	0.1%	0.5%	0.5%
Percentage of phone calls answered	88.8%	96.9%	91.0%	96.0%	93.0%	93.0%
Real Estate Division						
Coefficient of Dispersion	3.4	3.4	3.5	3.1	3.5	3.5
Personal Property and Business License Division						
Exonerations as a percent of total assessments	3.3%	3.5%	3.5%	3.4%	3.5%	3.5%
Revenue Collection Division						
Percent of current year taxes collected: Real Estate	99.74%	99.75%	99.70%	99.75%	99.70%	99.50%
Percent of current year taxes collected: Personal Property ¹	98.34%	98.00%	98.00%	97.57%	97.00%	97.60%
Percent of current year taxes collected: BPOL	99.05%	98.62%	98.50%	98.89%	98.50%	98.50%
Percent of unpaid accounts receivable collected	37%	34%	34%	36%	31%	31%

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-2022-adopted-performance-measures-pm>