

SUMMARY OF GENERAL FUND REVENUE

SUMMARY OF GENERAL FUND REVENUE AND TRANSFERS IN

Category	FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover ¹	FY 2022 Mid-Year Estimate	Change from the FY 2022 Carryover Estimate	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes -						
Current & Delinquent	\$3,006,833,157	\$3,047,959,917	\$3,047,959,917	\$3,047,959,917	\$0	0.00%
Personal Property Taxes -						
Current & Delinquent ²	642,393,566	654,120,443	654,120,443	662,966,267	8,845,824	1.35%
Other Local Taxes	549,104,239	525,807,944	525,807,944	545,966,336	20,158,392	3.83%
Permits, Fees and						
Regulatory Licenses	57,076,113	52,439,181	52,439,181	50,782,784	(1,656,397)	-3.16%
Fines and Forfeitures	5,477,214	8,727,970	8,727,970	6,913,687	(1,814,283)	-20.79%
Revenue from Use of						
Money/Property	24,776,135	14,973,158	14,973,158	14,597,536	(375,622)	-2.51%
Charges for Services	33,695,016	57,104,738	57,519,973	50,885,981	(6,633,992)	-11.53%
Revenue from the						
Commonwealth and						
Federal Government ²	253,962,109	141,664,665	143,116,142	143,116,142	0	0.00%
Recovered Costs/						
Other Revenue	18,312,162	15,526,944	15,526,944	14,778,130	(748,814)	-4.82%
Total Revenue	\$4,591,629,711	\$4,518,324,960	\$4,520,191,672	\$4,537,966,780	\$17,775,108	0.39%
Transfers In	8,707,781	9,000,481	24,000,481	24,000,481	0	0.00%
Total Receipts	\$4,600,337,492	\$4,527,325,441	\$4,544,192,153	\$4,561,967,261	\$17,775,108	0.39%

¹ FY 2022 revenue estimates were increased a net \$1.9 million as part of the *FY 2021 Carryover Review* to account for adjustments associated with expenditure changes.

² 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 2022 General Fund total receipts, including Transfers In, are projected to be \$4,561,967,261, a net increase of \$17,775,108, or 0.4 percent, over the *FY 2022 Revised Budget Plan* estimate. This increase is primarily the result of a \$20.2 million increase in Other Local Taxes and an \$8.8 million increase in Personal Property Taxes, partially offset by a net decrease of \$6.6 million in Charges for Services, a \$1.7 million decrease in Permits, Fees, and Regulatory Licenses, a \$1.8 million decrease in Fines and Forfeitures, and a \$1.1 million decrease in various other revenue categories.

Since the beginning of the pandemic, staff has noted that uncertainties remain regarding how long the COVID-19 pandemic will continue to impact County revenues. In FY 2021, a Mid-Year Review was added to the other quarterly budget reviews to provide an additional opportunity to right-size budget estimates during the fiscal year. The continuation of the Mid-Year Review in FY 2022 illustrates the ongoing uncertainty with regard to revenue projections and allows the County to adjust its revenue estimates based on more recent data and collection trends since the adoption of the FY 2022 budget.

The first opportunity to adjust the FY 2022 revenue estimates was at the *FY 2021 Carryover Review* in July. Aside from a revenue increase of \$1.9 million associated with expenditure adjustments, no other revenue adjustments were made at that time as the new fiscal year had just begun and little actual revenue collection

SUMMARY OF GENERAL FUND REVENUE

data was available.

As noted earlier, FY 2022 revenues are recommended to be increased by \$17.8 million, or 0.4 percent, as part of the *FY 2022 Mid-Year Review*. Increases are recommended in a number of categories, with the largest increase of \$8.8 million in Personal Property Tax which has benefited from a higher-than-expected vehicle levy. Sales Tax revenue is recommended to increase by \$8.7 million, based on robust year-to-date collections. BPOL (Business, Professional and Occupational License) Tax revenue is increased by \$6.4 million due to strong economic growth in calendar year 2021. FY 2022 BPOL receipts are based on economic activity during CY 2021. Other categories recommended to be increased include the Transient Occupancy Tax, reflecting the hotel industry's gradual recovery from the pandemic, and Recordation Taxes and Deed of Conveyance Taxes which have continued to benefit from the strong real estate market and low mortgage interest rates.

Partially offsetting these revenue increases are recommended decreases in several revenue categories that are recovering more slowly than expected from depressed pandemic levels. The largest is a \$4.1 million decrease in School-Age Child Care (SACC) fee revenue due to COVID-related capacity constraints and fee scale adjustments. Many other revenue categories such as Parking Violation fines and fees associated with other County services are still depressed compared to the pre-pandemic FY 2019 levels.

The *FY 2022 Mid-Year Review* revenue estimates were developed based on a review of Fairfax County economic indicators, actual FY 2021 receipts, and FY 2022 year-to-date collection trends through October. Fairfax County's revenue and economic outlook remains uncertain due to the ongoing effects of the coronavirus pandemic. Risks such as a possible re-emergence of significant community spread of COVID-19 and additional restrictions imposed by governments to control the spread could cause economic conditions to worsen over the coming months. In addition, federal stimulus is winding down and accelerating inflation may force the Federal Reserve to end its accommodative monetary policy sooner than otherwise expected. Staff will continue to carefully monitor economic indicators and their impact on County revenues to determine if additional adjustments are warranted. Any necessary adjustments will be made as part of the *FY 2022 Third Quarter Review*.

REAL ESTATE TAX-CURRENT

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$2,997,861,231	\$3,039,404,623	\$3,039,404,623	\$3,039,404,623	\$0	0.0%

The *FY 2022 Mid-Year Review* estimate for Current Real Estate Tax of \$3,039,404,623 reflects no change from the *FY 2022 Revised Budget Plan* estimate. So far through October 2021, the County's Department of Tax Administration has collected revenue from taxpayers' first installment payments of the real estate tax bills for FY 2022, with the second installment payments due at the end of December 2021. No changes to the estimate are recommended at this time based on current revenue collection trends. However, staff continues to closely monitor the actual collection rates as a percent of the real estate tax levy, as well as changes in the tax levy associated with exonerations, tax abatements, supplemental assessments, and the Public Service Corporations in FY 2022. Any necessary adjustments to the estimate will be included as part of the *FY 2022 Third Quarter Review*, when more actual information will be available.

SUMMARY OF GENERAL FUND REVENUE

PERSONAL PROPERTY TAX-CURRENT

	FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
Paid Locally	\$416,264,317	\$428,260,841	\$428,260,841	\$437,106,665	\$8,845,824	2.1%
Reimbursed by State	211,313,944	211,313,944	211,313,944	211,313,944	0	0.0%
Total	\$627,578,261	\$639,574,785	\$639,574,785	\$648,420,609	\$8,845,824	1.4%

The *FY 2022 Mid-Year Review* estimate for Current Personal Property Taxes of \$648,420,609 reflects an increase of \$8.8 million, or 1.4 percent, over the *FY 2022 Revised Budget Plan* estimate and represents an increase of 3.3 percent over the FY 2021 level. The projected increase is based on a higher-than-expected vehicle levy, partially offset by a lower-than-expected business levy.

The Personal Property Tax is levied on vehicles in the County (over 77 percent of total), as well as business personal property. Staff from the Department of Tax Administration has noted that the average vehicle levy is significantly higher than initially anticipated based on strong demand and limited supply of new and used vehicles. The car tax was due by October 5 and staff will continue to monitor the Personal Property tax receipts with respect to the actual collection rates experienced.

The remaining portion of the Personal Property Tax is comprised of assessments on business personal property, such as office furniture, fixtures, and computer equipment. While the FY 2022 budget estimate had assumed steady collections in the business personal property tax levy, year-to-date it has decreased compared to the FY 2021 level.

Staff will continue to monitor Personal Property Tax collections, and any necessary adjustments to account for variances in the vehicle and business levies as well as the collection rate will be included as part of the *FY 2022 Third Quarter Review*.

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

	FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
	\$171,263,824	\$170,000,000	\$170,000,000	\$176,400,000	\$6,400,000	3.8%

The *FY 2022 Mid-Year Review* estimate for Business, Professional and Occupational License (BPOL) Taxes of \$176,400,000 reflects an increase of \$6.4 million, or 3.8 percent, over the *FY 2022 Revised Budget Plan* estimate and represents an increase of 3.0 percent over the FY 2021 actual level.

FY 2021 BPOL revenue was expected to decrease 5.4 percent due to the negative impact of the pandemic on economic activity in the County. However, actual FY 2021 BPOL collections decreased less than expected and ended the year only 1.5 percent below the FY 2020 level. The revised FY 2022 estimate assumes that receipts will be up 3.0 percent over the higher FY 2021 actual level, resulting in an increase of \$6.4 million. Since County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, little actual data is available at this

SUMMARY OF GENERAL FUND REVENUE

time to help estimate FY 2022 receipts. BPOL revenue is expected to be positively impacted by the reopening of the economy during calendar year 2021, and also supported by significant federal government stimulus. Collections are expected to increase in most BPOL categories, with the most extensive increases in categories such as Hotels and Motels, Retail Merchants, and Personal Services that experienced the largest pandemic related declines.

LOCAL SALES TAX

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$200,832,101	\$199,209,725	\$199,209,725	\$207,861,225	\$8,651,500	4.3%

The *FY 2022 Mid-Year Review* estimate for Sales Tax of \$207,861,225 reflects an increase of \$8.7 million, or 4.3 percent, over the *FY 2022 Revised Budget Plan* estimate. Sales tax collections in FY 2022 through October have increased 14.8 percent primarily as a result of federal stimulus and as people have continued to spend more on goods rather than services. As the economic boost from the federal COVID stimulus begins to wane, Sales Tax collections are expected to slow in the remainder of the fiscal year. The revised FY 2022 estimate reflects a projected increase of 3.5 percent over the FY 2021 level. Staff will continue to closely monitor consumer confidence and spending and the impact of the ongoing pandemic on this revenue category.

RECORDATION/DEED OF CONVEYANCE TAXES

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$51,925,761	\$35,730,727	\$35,730,727	\$38,264,711	\$2,533,984	7.1%

The *FY 2022 Mid-Year Review* estimate for Deed of Conveyance and Recordation Taxes of \$38,264,711 represents an increase of \$2.5 million, or 7.1 percent, over the *FY 2022 Revised Budget Plan* estimate. Recordation and Deed of Conveyance Taxes are paid when homes are sold. Recordation taxes are also paid when homes are refinanced. The FY 2022 Adopted budget estimate had assumed that mortgage interest rates would increase and refinancing activity would taper off. Through the first four months of the fiscal year, due in part to the strong real estate market, activity is little changed compared to the first four months of FY 2021. The revised FY 2022 estimate assumes that collections will slow in the second half of the fiscal year.

SUMMARY OF GENERAL FUND REVENUE

TRANSIENT OCCUPANCY TAX

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$6,637,031	\$7,040,000	\$7,040,000	\$9,955,000	\$2,915,000	41.4%

The *FY 2022 Mid-Year Review* estimate for Transient Occupancy Tax (TOT) of \$9,955,000 reflects an increase of \$2.9 million, or 41.4 percent, over the *FY 2022 Revised Budget Plan* estimate and represents an increase of 50.0 percent over the FY 2021 level. Due to the impact of the COVID-19 pandemic that began in the second half of FY 2020, the hotel industry reported its lowest occupancy rates since the Great Depression. Year-to-date through October, TOT revenue is up 123 percent compared to FY 2021. According to the Virginia Tourism Corporation, business travel is lagging leisure travel and it is not expected to recover until 2024. Travel spending in Northern Virginia during summer of 2021 was still 35 to 45 percent beneath 2019 levels. The revised FY 2022 estimate for TOT reflects a 57 percent decrease from the pre-pandemic FY 2019 level.

CIGARETTE TAX

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$4,947,032	\$4,830,660	\$4,830,660	\$4,723,074	(\$107,586)	-2.2%

The *FY 2022 Mid-Year Review* estimate for Cigarette Tax of \$4,723,074 reflects a decrease of \$107,586, or 2.2 percent, from the *FY 2022 Revised Budget Plan* estimate. The estimate is based on actual receipts during FY 2021 and collection trends year-to-date in FY 2022. It reflects a projected decline of 4.5 percent from the prior year. Cigarette Tax receipts have declined in each year since FY 2012.

CONSUMER UTILITY TAXES - GAS AND ELECTRIC

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$44,374,901	\$44,940,753	\$44,940,753	\$44,374,901	(\$565,852)	-1.3%

The *FY 2022 Mid-Year Review* estimate for Consumer Utility Taxes of \$44,374,901 reflects a decrease of \$565,852, or 1.3 percent, from the *FY 2022 Revised Budget Plan* estimate. The estimate is based on actual receipts during FY 2021 and collection trends year-to-date in FY 2022. It reflects no change from the prior year.

SUMMARY OF GENERAL FUND REVENUE

PERMITS, FEES AND REGULATORY LICENSES

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$57,076,113	\$52,439,181	\$52,439,181	\$50,782,784	(\$1,656,397)	-3.2%

The *FY 2022 Mid-Year Review* estimate for Permits, Fees, and Regulatory Licenses of \$50,782,784 reflects a net decrease of \$1.7 million, or 3.2 percent, from the *FY 2022 Revised Budget Plan* estimate. Zoning Fee revenue is recommended to decrease by \$0.6 million, and Fire Marshal and Acceptance Test Overtime fees are reduced by \$1.1 million based on collection trends through October.

FINES AND FORFEITURES

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$5,477,214	\$8,727,970	\$8,727,970	\$6,913,687	(\$1,814,283)	-20.8%

The *FY 2022 Mid-Year Review* estimate for Fines and Forfeitures of \$6,913,687 reflects a net decrease of \$1.8 million, or 20.8 percent, from the *FY 2022 Revised Budget Plan* estimate. The County's Administrative Fee on Delinquent Personal Property Tax collections was waived in Tax Year 2020 and is not expected to fully recover until FY 2023. Based on year-to-date collections, the FY 2022 revised estimate reflects a decrease of almost \$1 million. Parking Violations revenue is down 14.7 percent through October and the revised FY 2022 estimate is decreased by \$0.7 million. In addition, various other Fines and Forfeitures revenue categories have not yet fully recovered from the pandemic impact, resulting in a net decrease of \$0.1 million compared to the FY 2022 Adopted budget estimate.

REVENUE FROM THE USE OF MONEY AND PROPERTY

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$24,776,135	\$14,973,158	\$14,973,158	\$14,597,536	(\$375,622)	-2.5%

The *FY 2022 Mid-Year Review* estimate for Revenue from the Use of Money and Property of \$14,597,536 reflects a decrease of \$375,622, or 2.5 percent, from the *FY 2022 Revised Budget Plan* estimate. The decrease is associated with a decline in Rent from Real Estate due to waived rental fees for day care facilities.

SUMMARY OF GENERAL FUND REVENUE

CHARGES FOR SERVICES

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$33,695,016	\$57,104,738	\$57,519,973	\$50,885,981	(\$6,633,992)	-11.5%

The *FY 2022 Mid-Year Review* estimate for Charges for Services of \$50,885,981 reflects a net decrease of \$6.6 million, or 11.5 percent, from the *FY 2022 Revised Budget Plan* estimate. The largest reduction – \$4.1 million – is associated with the School-Age Child Care (SACC) revenues. Capacity continues to be limited by the pandemic. Also, as a result of fee scale adjustments, more parents qualify for reduced rates. Other Charges for Services revenue categories recommended for reductions include: Courthouse Maintenance and Security fee revenue, which is reduced by \$1.3 million; Health Department revenue from Adult Day Health Care fees, General Medical Clinical fees and Lab Services fees, which are reduced by a net \$2.4 million; Parking Garage fees, Library fees, and Employee Child Care fees are still down substantially compared to pre-pandemic levels and the revised FY 2022 estimates are reduced by a combined \$0.7 million compared to the FY 2022 Adopted estimates.

Partially offsetting these reductions is a \$1.0 million increase in projected County Clerk fees and \$0.9 million in Emergency Medical Services (EMS) Transport fees based on actual collection trends year-to-date through October.

RECOVERED COSTS / OTHER REVENUE

FY 2021 Actual	FY 2022 Adopted Budget Estimate	FY 2022 Revised as of FY 2021 Carryover	FY 2022 Mid-Year Estimate	Increase/ (Decrease)	Percent Change
\$18,312,162	\$15,526,944	\$15,526,944	\$14,778,130	(\$748,814)	-4.8%

The *FY 2022 Mid-Year Review* estimate for Recovered Costs/Other Revenue of \$14,778,130 reflects a decrease of \$748,814, or 4.8 percent, from the *FY 2022 Revised Budget Plan* estimate. The decrease is primarily associated with adjusting the estimate for the City of Fairfax Shared Governmental Expenses reimbursement, which is reduced by \$0.7 million due to the reconciliation of the City's share of expenses based on actual utilization and expenses during FY 2021.