

SUMMARY OF GENERAL FUND REVENUE

SUMMARY OF GENERAL FUND REVENUE AND TRANSFERS IN

Category	FY 2022 Actual	FY 2023 Revised Budget Plan as of FY 2022 Carryover ¹	FY 2023 Fall Estimate ¹	FY 2023 Third Quarter Budget Estimate	Change from the FY 2023 Fall Estimate	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes -						
Current & Delinquent	\$3,053,920,696	\$3,199,106,841	\$3,206,874,367	\$3,206,874,367	\$0	0.00%
Personal Property Taxes -						
Current & Delinquent ²	685,936,865	732,207,537	737,527,933	748,757,661	11,229,728	1.52%
Other Local Taxes	595,629,993	573,797,248	596,867,970	599,288,987	2,421,017	0.41%
Permits, Fees and Regulatory Licenses	59,606,580	10,768,187	9,404,120	9,404,120	0	0.00%
Fines and Forfeitures	7,202,177	8,166,007	7,275,494	7,275,494	0	0.00%
Revenue from Use of Money/Property	19,255,568	48,899,812	66,703,595	104,286,843	37,583,248	56.34%
Charges for Services	53,280,388	58,506,226	59,083,001	59,083,001	0	0.00%
Revenue from the Commonwealth and Federal Government ²	255,348,721	150,269,271	150,269,271	148,254,676	(2,014,595)	-1.34%
Recovered Costs/ Other Revenue	16,946,207	17,014,267	17,497,470	17,497,470	0	0.00%
Total Revenue	\$4,747,127,195	\$4,798,735,396	\$4,851,503,221	\$4,900,722,619	\$49,219,398	1.01%
Transfers In	24,000,481	19,712,936	19,712,936	19,712,936	0	0.00%
Total Receipts	\$4,771,127,676	\$4,818,448,332	\$4,871,216,157	\$4,920,435,555	\$49,219,398	1.01%

¹ FY 2023 revenue estimates were increased a net \$85.7 million as part of the *FY 2022 Carryover Review* and the fall 2022 revenue review.

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.

Total receipts, including Transfers In, are estimated at \$4,920,435,555 and reflect a net increase of \$49,219,398, or 1.0 percent, over the FY 2023 fall estimate. This increase is primarily the result of a \$37.6 million increase in Investment Interest revenue, \$11.2 million in Personal Property Taxes, and \$2.4 million in Transient Occupancy Tax, partially offset by a decrease of \$2.0 million in Revenue from the Commonwealth and Federal Government.

FY 2023 revenue estimates were increased a net \$85.7 million in a number of revenue categories as part of the *FY 2022 Carryover Review* and the fall 2022 revenue review prior to the Third Quarter Review during the development of the FY 2024 budget. These adjustments were based on actual FY 2022 receipts and collections through the first several months of FY 2023. Revenue changes made during the fall revenue review are discussed throughout this Attachment. Any impact to FY 2024 revenue estimates from these FY 2023 fall adjustments is already included in the FY 2024 Advertised Budget Plan.

The FY 2023 Third Quarter revenue estimates are based on revenue collections through the end of February 2023. Because many revenue categories are sensitive to economic conditions, there is the potential that actual receipts may deviate from the revenue estimates included in this Attachment. It should be noted that

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little actual information is available concerning Business, Professional, and Occupational License (BPOL) Taxes, since filings and payments are not due until March 1, with additional time required to process returns. In addition, revenue from the Bank Franchise Tax is not received until late May or early June so there is no information currently available to help estimate FY 2023 receipts. All revenue categories are closely monitored with respect to collections and the effects of changes in economic activity. Any necessary FY 2023 and FY 2024 revenue adjustments will be included in the Add-On Review.

REAL ESTATE TAX-CURRENT

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$3,049,773,449	\$3,189,268,253	\$3,197,035,779	\$3,197,035,779	\$0	0.0%

The *FY 2023 Third Quarter Review* estimate for Current Real Estate Tax of \$3,197,035,779 reflects no change from the FY 2023 fall revenue estimate and represents an increase of 4.8 percent over the FY 2022 level. The FY 2023 Real Estate Tax estimate was increased \$7.8 million during the fall 2022 revenue review based on final Public Service Corporation assessments by the Commonwealth of Virginia and lower than expected tax relief.

PERSONAL PROPERTY TAX-CURRENT

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$658,561,822	\$716,680,030	\$716,680,030	\$727,909,758	\$11,229,728	1.6%

The *FY 2023 Third Quarter Review* estimate for Current Personal Property Taxes of \$727,909,758 reflects an increase of \$11,229,728, or 1.6 percent, over the FY 2023 fall revenue estimate and represents an increase of 10.5 percent over the FY 2022 level. The revised estimate increase is primarily the result of higher than projected vehicle levy and business personal property levy. Throughout the fiscal year, the Department of Tax Administration tracks the volume and the value of vehicles in the County. While vehicle volume is lower than initially projected, the average vehicle levy is higher than anticipated.

LOCAL SALES TAX

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$231,087,296	\$224,228,339	\$242,989,782	\$242,989,782	\$0	0.0%

The *FY 2023 Third Quarter Review* estimate for Sales Tax of \$242,989,782 reflects no change from the FY 2023 fall revenue estimate. During the fall 2022 revenue review, the FY 2023 estimate was increased a total of \$18.8 million based on actual FY 2022 collections and year-to-date receipts, representing a projected increase of 5.2 percent over FY 2022. Through February 2023, Sales Tax receipts are up 5.7 percent.

FY 2023 Third Quarter Review

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BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$184,346,267	\$180,810,000	\$191,720,120	\$191,720,120	\$0	0.0%

The *FY 2023 Third Quarter Review* estimate for Business, Professional and Occupational License (BPOL) Tax of \$191,720,120 reflects no change from the FY 2023 fall revenue estimate. Based on actual FY 2022 receipts and an econometric model using calendar year Sales Tax receipts and employment as predictors, the FY 2023 BPOL estimate was increased \$10.9 million during the fall 2022 revenue review, representing an increase of 4.0 percent over FY 2022. Since nearly all County businesses file and pay their BPOL taxes on March 1 each year based on their gross receipts during the previous calendar year, there is limited actual data available at this time to help estimate FY 2023 receipts. Therefore, the FY 2023 BPOL estimate has not been adjusted further during the Third Quarter review.

CONSUMER UTILITY TAXES - GAS AND ELECTRIC

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$44,880,523	\$44,374,901	\$44,880,523	\$44,880,523	\$0	0.0%

The *FY 2023 Third Quarter Review* estimate for Consumer Utility Taxes of \$44,880,523 represents no change from the FY 2023 fall estimate. During the fall 2022 revenue review, the FY 2023 estimate was increased by \$0.5 million to the same level collected in FY 2022 based on year-to-date receipts.

RECORDATION/DEED OF CONVEYANCE TAXES

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$46,480,941	\$38,264,711	\$27,223,750	\$27,223,750	\$0	0.0%

The *FY 2023 Third Quarter Review* estimate for Deed of Conveyance and Recordation Taxes of \$27,223,750 represents no change from the FY 2023 fall estimate. Recordation and Deed of Conveyance Taxes are paid when homes are sold. Recordation taxes are also paid when homes are refinanced. Based on actual FY 2022 receipts and collection trends, the Deed of Conveyance Tax estimate was decreased \$1.5 million during the fall 2022 revenue review, reflecting a decrease of 30.8 percent from the FY 2022 level. The FY 2023 estimate for Recordation Tax was decreased \$9.5 million and reflects a decrease of 44.3 percent compared to FY 2022 as a result of decreasing volume of mortgage refinancing activity.

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TRANSIENT OCCUPANCY TAX

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$15,652,745	\$14,624,050	\$18,558,548	\$20,979,565	\$2,421,017	13.0%

The *FY 2023 Third Quarter Review* estimate for Transient Occupancy Tax of \$20,979,565 reflects an increase of \$2,421,017 or 13.0 percent over the FY 2023 fall revenue estimate and represents an increase of 34.0 percent over the FY 2022 level. As part of the fall 2022 revenue review, the FY 2023 estimate was increased by \$3.9 million based on actual FY 2022 receipts and year-to-date collection trends. Collections have continued to trend higher and are up over 47 percent through February 2023. Based on January 2023 data from the Virginia Tourism Corporation, hotel occupancy and average daily room rates in Fairfax were significantly higher compared to January 2022. However, the tourism industry has noted that business travel is lagging leisure travel and it is not expected to fully recover until 2024.

PERMITS, FEES AND REGULATORY LICENSES

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$59,606,580	\$10,768,187	\$9,404,120	\$9,404,120	\$0	0.0%

The *FY 2023 Third Quarter Review* estimate for Permits, Fees, and Regulatory Licenses of \$9,404,120 represents no change from the FY 2023 fall estimate. During the fall 2022 revenue review, the FY 2023 estimate was decreased a net \$1.4 million based on actual FY 2022 collections and year-to-date receipts. The Fire Marshal Fee revenue estimate was decreased by \$0.4 million, and the estimate for Fire Prevention Code Permit revenue was reduced by \$0.8 million.

FINES AND FORFEITURES

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$7,202,177	\$8,166,007	\$7,275,494	\$7,275,494	\$0	0.0%

The *FY 2023 Third Quarter Review* estimate for Fines and Forfeitures of \$7,275,494 represents no change from the FY 2023 fall estimate. During the fall 2022 revenue review, the FY 2023 estimate was decreased a net \$0.9 million based on actual FY 2022 collections and year-to-date receipts. General District Court Fines revenue estimate was decreased by \$0.7 million to the same level collected in FY 2022. Parking Violations revenue was down 21.8 percent through December and the revised FY 2023 estimate was decreased by \$0.3 million. In addition, several other Fines and Forfeitures revenue categories have not yet fully recovered from the pandemic impact and were also adjusted.

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CHARGES FOR SERVICES

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$53,280,388	\$58,506,226	\$59,083,001	\$59,083,001	\$0	0.0%

The *FY 2023 Third Quarter Review* estimate for Charges for Services of \$59,083,001 represents no change from the FY 2023 fall estimate. During the fall 2022 revenue review, the FY 2023 estimate was increased a net \$0.6 million based on actual FY 2022 collections and year-to-date receipts. The Emergency Medical Services (EMS) Transport fees revenue estimate was increased by \$1.4 million. Partially offsetting this increase is a decrease of \$1.2 million in projected County Clerk fees based on collection trends.

INVESTMENT INTEREST

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$17,186,790	\$46,902,081	\$64,480,792	\$102,064,040	\$37,583,248	58.3%

The *FY 2023 Third Quarter Review* estimate for Investment Interest of \$102,064,040 reflects an increase of \$37,583,248, or 58.3 percent, over the FY 2023 fall revenue estimate. Revenue from Interest on Investments is highly dependent on Federal Reserve actions. The County's FY 2023 Adopted Budget Plan estimate for Investment Interest revenue did not account for interest rate increases by the Federal Reserve to rein in inflation. The yield assumed in the Adopted Budget was 0.60 percent. In 2022, the Fed pivoted toward tighter monetary policy in the face of persistently high inflation and a tight labor market and raised the Fed funds rate at an unprecedented pace. The latest rate increase of 25 basis points in February 2023 moved the rate to a 4.50-4.75 percent range. As a result of these actions, the County expects to generate substantially higher Investment Interest earnings on its portfolio investments. The FY 2023 revenue estimate was increased a net \$44.1 million as part of the *FY 2022 Carryover Review* and the fall 2022 revenue review prior to the Third Quarter Review during the development of the FY 2024 budget. The FY 2023 revised estimate of \$102.1 million reflects an increase of almost \$85 million over the FY 2022 level based on a projected average yield of 2.84 percent.

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

FY 2022 Actual	FY 2023 Revised as of FY 2022 Carryover	FY 2023 Fall Estimate	FY 2023 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$255,348,721	\$150,269,271	\$150,269,271	\$148,254,676	(\$2,014,595)	-1.3%

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 2023 Third Quarter Review* estimate for Revenue from the Commonwealth and Federal Government of \$148,254,676 reflects a decrease of \$2,014,595 or 1.3 percent from the fall 2022 revenue

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estimate. This decrease is associated with a \$2.5 million decrease in state funding for mandated Children's Services Act services based on the projected FY 2023 costs, which are dependent on the number of youth served and the complexity of services provided. The revenue decrease is offset by a \$5.0 million expenditure decrease for a net savings of \$2.5 million to the General Fund. In addition, a revenue increase of \$0.4 million is associated with the Auxiliary Grant program. The state revenue increase is fully offset by an increase in expenditures for financial assistance to low-income individuals who are aged, blind, disabled, and reside in supportive housing, for no net impact to the County. Lastly, an increase of \$30,350 is associated with additional Temporary Assistance for Needy Families (TANF) funding received from the state to supplement an existing Consolidated Community Funding Pool project, resulting in no net impact to the County.