

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 25 different spoken languages. Such diversity allows the department to address equity actions as outlined in DTA's One Fairfax Equity Impact Plan. In FY 2023, DTA will continue 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, including payment history. Residents can 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 can manage their tax information online, thereby decreasing the need to visit the Government Center or telephone the department for assistance. Given the ongoing COVID-19 conditions, DTA continues to bolster its public outreach campaign to encourage residents to transact online and over the phone. By bolstering this outreach, DTA has seen a reduction in foot traffic and an 11 percent increase in online Personal Property tax transactions. Additionally, DTA has implemented an 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.

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. In 2021, residential real estate in Fairfax County experienced a very strong sellers' market, as was the case throughout Northern Virginia and the U.S. This was due to historically low mortgage rates and demand for housing exceeding supply. Home sale prices in 2021 were significantly higher on average and were the primary basis in determining residential assessed values for tax year 2022 (FY 2023).

The global COVID-19 pandemic continued through 2021 but its effects on daily life were lessened by the widespread availability of several vaccines. As the world returned to a "new normal," commercial real estate values began to recover from the significant decreases seen in FY 2022. Retail properties, no longer hampered by mandated closures, saw the return of shoppers to nearly pre-pandemic levels. Apartments and industrial properties remain strong and saw increases in value for FY 2023. Hotels, while experiencing slight increases in value over last year, continue to struggle as business and convention travel is still far below pre-pandemic levels. High-rise office buildings experienced another decline in value as remote work continues to be the norm and companies continue to "right size" their office footprint.

In FY 2023, the Personal Property and Business License cost center will continue to identify businesses that have not registered with the County. Quality control efforts concerning the vehicle database and requirements under the Personal Property Tax Relief Act (PPTRA) continue to be high priorities in FY 2023. 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 is one tool that will continue 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. Additionally, given enhancements provided by a new tax system, beginning January 1, 2023, DTA expects to start auto-registering vehicles using the Virginia Department of Motor Vehicles (DMV) database. Presently, Fairfax County residents must separately register purchased or moved-in vehicles with Fairfax County within 60 days or pay a 10 percent penalty. This enhancement will eliminate the 10 percent penalty for those that register with DMV in a timely manner and will increase efficiency and reduce the burden on residents.

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 can track 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.

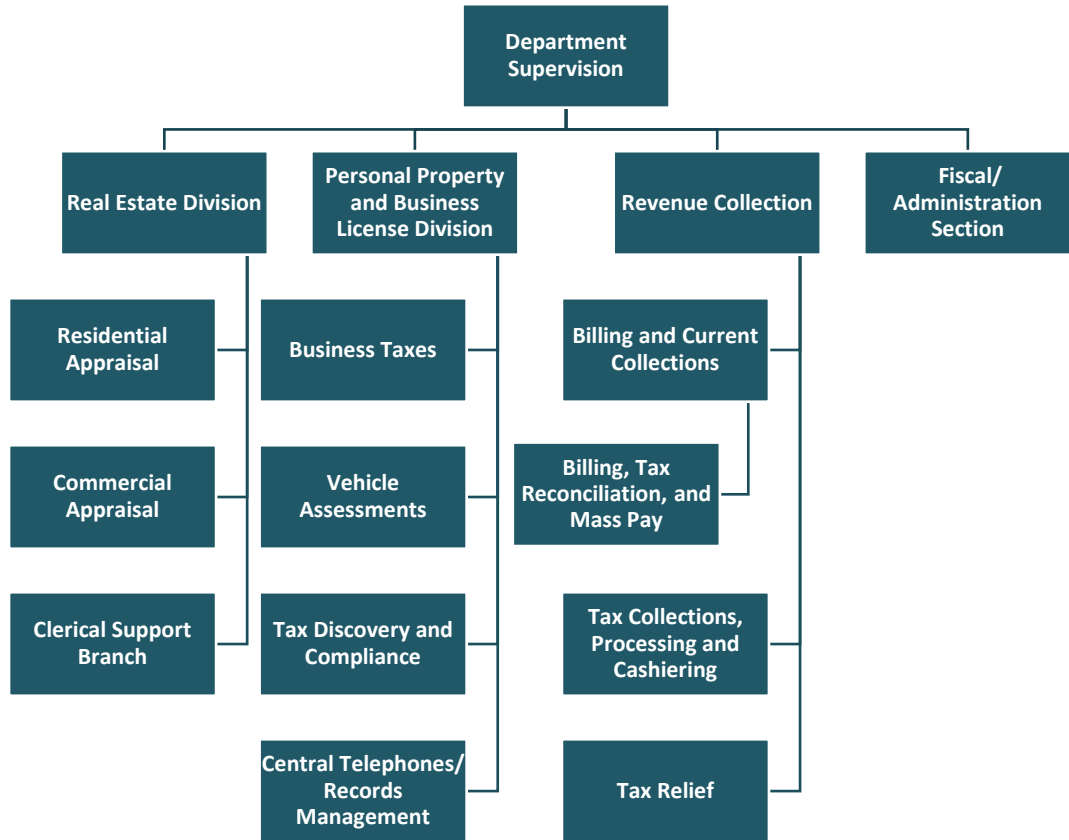
Staff in the Revenue Collection cost center work to ensure that current year collection rates are maintained, as this provides necessary revenue and helps minimize the amount of unpaid receivables accumulated over time. Collection work is a function of data accuracy (i.e., finding and contacting the 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 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.

As part of its collection oversight role, DTA has worked with agencies to standardize billing notices to warn of the additional expense and potential collection actions associated with delinquencies. Additionally, the Revenue Collection cost center staffs the full-service cashiering counters at the Government Center. When traffic at the Government Center is extremely heavy, employees are deployed to front line cashiering service from other cost centers to provide responsive customer service. Efforts to reduce walk-in traffic includes the promotion of online registration of new vehicles, online payment of taxes, and the elimination of vehicle decals.

The Tax Relief Outreach Program, which is part of the 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. The Board approved a substantial expansion to the Tax Relief Program effective January 1, 2022 and 2023, respectively.

Department of Tax Administration

Organizational Chart



Budget and Staff Resources

Category	FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	FY 2023 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$19,684,418	\$22,121,002	\$22,594,550	\$24,102,400	\$24,102,400
Operating Expenses	6,610,813	6,031,493	6,775,937	6,031,493	6,031,493
Total Expenditures	\$26,295,231	\$28,152,495	\$29,370,487	\$30,133,893	\$30,133,893
Income:					
Land Use Assessment Application Fees	\$599	\$792	\$792	\$792	\$792
Fees for Collection of Delinquent Taxes	633,352	2,075,753	1,015,937	1,927,281	1,927,281
State Shared DTA Expenses	1,936,872	1,954,848	1,954,848	1,954,848	1,954,848
State Shared Retirement - DTA	38,325	38,996	38,996	38,996	38,996
Total Income	\$2,609,148	\$4,070,389	\$3,010,573	\$3,921,917	\$3,921,917
NET COST TO THE COUNTY	\$23,686,083	\$24,082,106	\$26,359,914	\$26,211,976	\$26,211,976
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	296 / 296	297 / 297	302 / 302	302 / 302	302 / 302

**FY 2023
Funding
Adjustments**

The following funding adjustments from the FY 2022 Adopted Budget Plan are necessary to support the FY 2023 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 10, 2022.

Employee Compensation \$1,621,302

An increase of \$1,621,302 in Personnel Services includes \$887,053 for a 4.01 percent market rate adjustment (MRA) for all employees and \$416,660 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2022. The remaining increase of \$317,589 is included for employee pay raises for specific job classes identified in the County's benchmark class survey of comparator jurisdictions.

Tax Relief Program Expansion \$360,096

An increase of \$360,096 in Personnel Services is included for the full-year costs of 5/5.0 FTE positions approved as part of the *FY 2022 Mid-Year Review* to address workload requirements associated with the expansion of the Tax Relief Program. The initial changes to the Tax Relief program took effect on January 1, 2022 and are expected to result in an increase in the annual number of applications. The additional staff includes a Management Analyst II to coordinate the increased workload and also manage high growth in the Disabled Veterans' tax relief program; a Communication Specialist II to support DTA's communication outreach for Tax Relief and to coordinate other departmental communication needs, and three Tax Specialist I positions to cover the additional workload. It should be noted that an increase of \$186,170 in Fringe Benefits funding is included in Agency 89, Employee Benefits, for a total cost of \$546,266. For further information on Fringe Benefits, please refer to the Agency 89, Employee Benefits, narrative in the Nondepartmental program area section of Volume 1.

**Changes to
FY 2022
Adopted
Budget Plan**

The following funding adjustments reflect all approved changes in the FY 2022 Revised Budget Plan since passage of the FY 2022 Adopted Budget Plan. Included are all adjustments made as part of the FY 2021 Carryover Review, FY 2022 Mid-Year Review, FY 2022 Third Quarter Review, and all other approved changes through April 30, 2022.

Carryover Adjustments \$1,037,944

As part of the *FY 2021 Carryover Review*, the Board of Supervisors approved funding of \$1,037,944 including \$293,500 in Personnel Services for a one-time compensation adjustment of \$1,000 for merit employees and \$500 for non-merit employees paid in November 2021. The remaining amount of \$744,444 is due to funding for the implementation of an updated Tax Relief System, postage, and other contractual services.

Mid-Year Adjustments \$180,048

As part of the *FY 2022 Mid-Year Review*, the Board of Supervisors approved partial-year funding of \$180,048 for 5/5.0 FTE new positions to address workload requirements associated with the expansion of the Tax Relief Program. An additional \$93,085 for Fringe Benefits is included in Agency 89, Employee Benefits.

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 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	FY 2023 Adopted
EXPENDITURES					
Total Expenditures	\$3,082,090	\$1,580,362	\$2,083,756	\$1,649,226	\$1,649,226
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	11 / 11	11 / 11	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 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	FY 2023 Adopted
EXPENDITURES					
Total Expenditures	\$7,752,334	\$10,295,783	\$10,412,783	\$11,167,112	\$11,167,112
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 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	FY 2023 Adopted
EXPENDITURES					
Total Expenditures	\$7,866,637	\$8,171,522	\$8,366,572	\$8,611,825	\$8,611,825
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	112 / 112	113 / 113	113 / 113	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 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	FY 2023 Adopted
EXPENDITURES					
Total Expenditures	\$7,594,170	\$8,104,828	\$8,507,376	\$8,705,730	\$8,705,730
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	63 / 63	63 / 63	68 / 68	68 / 68	68 / 68

Position Detail

The FY 2023 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		13	Appraisers II	
2	Appraisers III		3	Appraisers I	
Clerical Support Branch					
1	Management Analyst III		3	Administrative Assistants V	
1	Management Analyst II		4	Administrative Assistants IV	
2	Management Analysts I		14	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 and Records Management					
2	Management Analysts II		15	Administrative Assistants IV	
2	Administrative Assistants V		1	Administrative Assistant III	
Central Telephones					
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	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 - 68 Positions			
1	Director	1	Administrative Assistant IV
1	Management Analyst IV		
Delinquent Tax Collections, Processing, and Cashiering			
1	Management Analyst III	6	Administrative Assistants V
4	Management Analysts II	25	Administrative Assistants IV
Billing, Taxes Reconciliation, and Mass Pay			
1	Management Analyst III	1	Administrative Assistant IV
2	Management Analysts II	10	Administrative Assistants III
4	Administrative Assistants V		
Tax Relief			
1	Management Analyst III	1	Communication Specialist II
2	Management Analysts II	3	Tax Specialists I
1	Management Analyst I	3	Administrative Assistants IV

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 2021, the department processed over 670,000 e-commerce transactions totaling over \$791 million dollars.

FY 2021 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 3.2 in FY 2021. A low coefficient indicates that similar properties are assessed uniformly and, hence, equitably. A coefficient of 15 is considered good, while actual values indicate excellent uniformity.

In FY 2021, the cost per dollar of Personal Property and BPOL levy was \$0.01, consistent with the target, and exonerations were 3.5 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 2022 and FY 2023, exonerations are projected to be at the 3.5 percent benchmark.

Department of Tax Administration

Collection rates remain strong in all tax categories, as well as the collection of unpaid parking tickets. The collection rate for real estate taxes was 99.66 percent in FY 2021, 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 96.44 percent in FY 2021. A collection rate of 97.53 percent was achieved for Business, Professional and Occupational License taxes in FY 2021. DTA will continue to work diligently to maintain high collection rates despite the continued substantial challenges posed by COVID-19.

Indicator	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Department Supervision						
Percent change in 24/7 e-commerce transactions	5.5%	6.0%	4.0%	7.4%	0.7%	4.0%
Percent variance between estimated and actual revenues	0.1%	0.1%	0.5%	0.2%	0.5%	0.5%
Percentage of phone calls answered	96.9%	96.0%	93.0%	96.2%	93.0%	95.0%
Real Estate Division						
Coefficient of Dispersion	3.4	3.1	3.5	3.2	3.5	3.5
Personal Property and Business License Division						
Exonerations as a percent of total assessments	3.5%	3.4%	3.5%	3.2%	3.5%	3.5%
Revenue Collection Division						
Percent of current year taxes collected: Real Estate	99.75%	99.75%	99.70%	99.66%	99.50%	99.65%
Percent of current year taxes collected: Personal Property ¹	98.00%	97.57%	97.00%	96.44%	97.60%	97.60%
Percent of current year taxes collected: BPOL	98.62%	98.89%	98.50%	97.53%	98.50%	98.50%
Percent of unpaid accounts receivable collected	34%	36%	31%	36%	36%	36%

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-2023-adopted-performance-measures-pm>