

General Fund Revenue Overview

Summary of General Fund Revenue and Transfers In

Category	FY 2025 Actual	FY 2026 Adopted Budget Plan	FY 2026 Revised Budget Plan ¹	FY 2027 Advertised Budget Plan	Change from Revised	
					Increase/ (Decrease)	% Change
Real Estate Taxes - Current and Delinquent	\$3,567,823,687	\$3,737,057,704	\$3,737,057,704	\$3,869,581,289	\$132,523,585	3.5%
Personal Property Taxes - Current and Delinquent ²	819,488,988	806,661,522	836,907,715	862,797,899	25,890,184	3.1%
Other Local Taxes	642,805,015	729,881,785	731,255,491	802,448,999	71,193,508	9.7%
Permits, Fees and Regulatory Licenses	11,031,357	12,985,962	12,985,962	13,496,929	510,967	3.9%
Fines and Forfeitures	9,175,729	9,214,101	9,231,642	9,412,284	180,642	2.0%
Revenue from Use of Money/Property	192,952,240	152,662,534	168,413,443	152,673,399	(15,740,044)	(9.3%)
Charges for Services	72,641,370	71,808,877	74,584,336	78,104,347	3,520,011	4.7%
Revenue from the Commonwealth and Federal Government ²	174,680,809	167,673,630	170,495,618	168,285,012	(2,210,606)	(1.3%)
Recovered Costs / Other Revenue	21,643,708	21,234,575	21,602,154	21,767,157	165,003	0.8%
Total Revenue	\$5,512,242,903	\$5,709,180,690	\$5,762,534,065	\$5,978,567,315	216,033,250	3.7%
Transfers In	27,344,474	8,094,007	15,094,007	9,356,375	(5,737,632)	(38.0%)
Total Receipts	\$5,539,587,377	\$5,717,274,697	\$5,777,628,072	\$5,987,923,690	210,295,618	3.6%

¹ FY 2026 revenue estimates were increased a net \$53.4 million as part of the FY 2025 Carryover Review and the fall 2025 revenue review. Explanations of these changes can be found in the following narrative. The FY 2026 Third Quarter Review may contain further adjustments as necessary.

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.

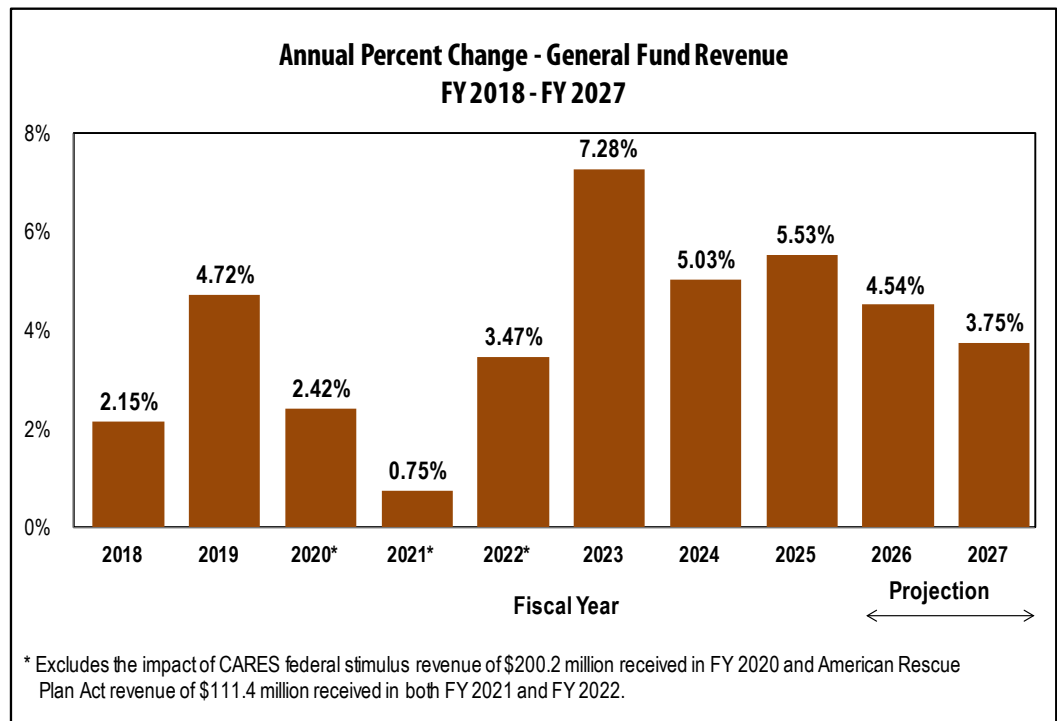
As reflected in the preceding table, FY 2027 General Fund revenues are projected to be \$5,978,567,315, an increase of \$269,386,625 or 4.7 percent over the FY 2026 Adopted Budget Plan. FY 2026 revenue estimates were increased a net \$53.4 million in a number of revenue categories as part of the FY 2025 Carryover Review and the fall 2025 revenue review. As a result, the FY 2027 General Fund revenue reflects an increase of \$216,033,250 or 3.7 percent over the FY 2026 Revised Budget Plan, which contains the latest FY 2026 revenue estimates. The revenue increase in FY 2027 is primarily due to an increase of \$132.5 million, or 3.5 percent, in Real Estate Tax revenue as a result of a 3.77 percent rise in the Real Estate assessment base at the Real Estate tax rate of \$1.1225 per \$100 of assessed value, which is unchanged from FY 2026. It should be noted that Real Estate tax revenue reflects the allocation of the projected value of one and one-quarter penny (1.25) of the Real Estate tax rate (\$43.94 million) to Fund 30300, Affordable Housing Development and Investment. In addition, Other Local Taxes are expected to increase \$71.2 million, or 9.7 percent, primarily as a result of the full-year revenue from the Food and Beverage Tax, which was adopted by the Board of Supervisors for FY 2026 with an effective date January 1, 2026. In addition, Personal Property Taxes are projected to increase \$25.9 million, or 3.1 percent, on expected growth in vehicle volume and levy. Partially offsetting the projected revenue increases is a projected decrease of \$15.7 million, or 9.3 percent, in Revenue from the Use of Money and Property as a result of a projected decline in Investment Interest earnings.

Incorporating Transfers In, FY 2027 General Fund receipts are anticipated to be \$5,987,923,690. The Transfers In to the General Fund total \$9.4 million and reflect \$4.0 million from Fund 69010,

General Fund Revenue Overview

Sewer Operation and Maintenance, \$1.7 million from Fund 40100, Stormwater Services, and \$3.7 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 2018. Revenues rose 2.15 percent in FY 2018 and 4.72 percent in FY 2019. In FY 2020, revenues were impacted by the COVID-19 pandemic. The County received \$200.2 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Fund to deal with the effects of the pandemic and as a result General Fund revenue grew 7.03 percent. Absent this one-time federal stimulus revenue, actual FY 2020 revenue would have increased 2.42 percent over FY 2019. A revenue decline of 1.19 percent occurred in FY 2021, because the amount of pandemic-related General Fund revenue received from the federal government decreased to approximately \$111 million. Absent this pandemic-related American Rescue Plan Act (ARPA) federal revenue, actual FY 2021 revenue reflected an increase of 0.75 percent over FY 2020. In FY 2022, General Fund revenues increased 3.47 percent, excluding the impact of the additional ARPA revenue of \$111 million that the County received from the federal government. In FY 2023, actual General Fund revenue increased 7.28 percent. Excluding the impact of ARPA revenue of \$111 million received in FY 2022, the General Fund revenue in FY 2023 increased 7.28 percent, followed by an increase of 5.03 percent in FY 2024 and 5.53 percent in FY 2025. It is projected to increase 4.54 percent in FY 2026 and 3.75 percent in FY 2027.



Economic Indicators

The U.S. economy expanded at an annual rate of 3.8 percent in the second quarter and 4.4 percent in the third quarter of 2025. While economic growth was robust, the labor market decelerated significantly. Payroll employment rose by a total of just 181,000 jobs in 2025 (an average monthly gain of 15,000), substantially lower than the increase of 2.0 million in 2024 (an average monthly gain of 168,000). Since reaching a peak in October 2024, federal government employment was down by 327,000, or 10.9 percent, in January 2026. The unemployment rate stands at 4.3 percent as of January 2026, up from 4.0 percent in January 2025.

While inflation has eased significantly from its highs in mid-2022, it remains somewhat elevated relative to the Federal Reserve's longer-run goal of 2 percent. In December 2025, the year-over-year increase in the Consumer Price Index (CPI) was 2.7 percent, down from the December 2024 rate of 2.9 percent. For 2026, most economists anticipate subdued economic growth due to ongoing policy factors under the Trump administration, including elevated trade tariffs that have contributed to upward pressure on certain prices and stricter immigration measures that have reduced net inflows and weighed on labor supply.

Acknowledging the progress toward price stability despite persistent tariff-related effects, the Federal Reserve implemented three rate reductions in the latter half of 2025 (September, October, and December), lowering the target range to 3.5-3.75 percent. In January 2026, the Fed held its benchmark rate steady, adopting a cautious, data-dependent stance. Fed Chairman Jerome Powell described the economy as coming into 2026 "on a firm footing," highlighting solid expansion in economic activity, resilient consumer spending, and continued business investment, despite the federal government shutdown in the last quarter of 2025 which likely weighed on economic growth.

The housing market in 2025 showed signs of normalization compared to prior years, with inventory increasing notably and home price growth slowing significantly amid persistent affordability challenges. Mortgage rates averaged around 6.6 percent for 30-year fixed loans throughout much of the year, gradually easing toward the end (closing around 6.2 percent in late 2025), though they remained elevated and continued to limit buyer demand. The Case-Shiller 20-City Composite Home Price Index, a widely followed measure of U.S. home prices, posted a year-over-year increase of 1.4 percent in November 2025. The housing market going into 2026 appears set for even slower home value growth, with continued upticks in inventory and modest improvements in sales activity.

In 2025, federal policy changes created significant uncertainty for the local economy, which is heavily reliant on federal employment and federal procurement spending. Between December 2024 and December 2025, the number of total nonfarm jobs in Northern Virginia declined by almost 15,000, or 0.9 percent. The decline was primarily due to a reduction of 13,300 federal government jobs, reflecting a 13.9 percent drop. The last time that the region had fewer federal employees was in 2008. Jobs in the Professional and Business Services sector declined 2.1 percent in the same period.

In Fairfax County, the unemployment rate averaged 3.4 percent in 2025, up from 2.5 percent in 2024. As of December 2025, it stands at 3.3 percent. Based on preliminary estimates from IHS Markit, the County's Gross County Product (GCP), adjusted for inflation, increased at a rate of just 0.8 percent in 2025, which is lower than the 3.1 percent growth rate experienced in 2024. According to IHS Markit, the County's economy is expected to experience slow growth in 2026, increasing 0.7 percent.

Given the unpredictable nature of the current presidential administration, there is ongoing uncertainty surrounding federal actions and their impact on the local economy. The administration has actively reshaped the federal government, including substantial reductions to its workforce throughout 2025. The losses in federal employment locally have been more severe than those recorded nationally. As

the home to many federal workers and even more workers connected to businesses that contract with the federal government, these impacts will flow through the region's economy over the coming years. The FY 2027 revenue assumptions are cautious, and staff will closely monitor any future developments including total employment, federal procurement spending, and the housing market.

Local Housing Market

Based on information from Bright MLS, the average sales price of homes sold in Fairfax County rose 3.0 percent from \$858,057 in 2024 to \$883,520 in 2025. Since bottoming out in 2009, the average home sales price has risen 111.8 percent, or at an average annual growth rate of 4.8 percent. Bright MLS also reported that 11,780 homes sold in the County in 2025, a decrease of just 0.1 percent compared to 2024. Homes that sold during 2025 were on the market for an average of 21 days, four days longer than in 2024.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, for the first time since 2019, the direct office vacancy rate in Fairfax County experienced a year-over-year decline. The continued removal of high-vacancy, obsolete office inventory through demolition and adaptive reuse as well as the slowdown of office construction without committed tenants led to the reduction in the vacancy rate. The direct office vacancy rate for year-end 2025 was 17.4 percent, which is a 0.4 percentage point reduction from the year-end 2024 rate of 17.8 percent. The recent plateauing of office vacancy rate rises coupled with the first year-over-year office vacancy rate reduction in five years signals an office market in the midst of stabilization. The overall office vacancy rate, which includes empty sublet space, was 17.9 percent at the end of 2025, down from 18.4 percent recorded at year-end 2024. The amount of empty office space decreased to 21.3 million square feet.

Fairfax County recorded approximately 6.3 million square feet of office leasing for 2025, finishing lower than 2024 (7 million square feet) but matching the total in 2023 (6.3 million square feet). Two of the main contributing factors to the decrease in office leasing activity year-over-year include the lack of large lease renewals compared to 2024 levels, and the hesitancy among employers to make long-term, cost-intensive decisions amid policy and economic uncertainty. While office leasing levels were lower, return-to-office indicators continued to trend upward as evidenced by various foot traffic measures and Metro ridership figures. For example, Metro stations in Tysons recorded ridership levels at 82 percent of 2019 levels and have shown consistent year-over-year growth since 2020. The upward trend of in-office work is expected to continue into 2026.

As of year-end 2025, Fairfax County had an office inventory just above 119 million square feet. After initially crossing the 120 million square foot mark following the delivery of a 210,000 square foot office building in Reston, the office inventory recorded over 1 million square feet of office inventory either demolished or repurposed for an alternative use. There are two adaptive reuse projects underway that will transform over 300,000 square feet of office into affordable housing units and an independent living facility. There were over 900,000 square feet of office space that was demolished in 2025, across six buildings. As of year-end 2025, there are two office buildings under construction, totaling 320,000 square feet and slated to be fully occupied at delivery.

Fee and Charges Review

The FY 2027 Advertised Budget Plan includes a revenue increase of \$4.1 million as a result of proposed fee adjustments, including Zoning fees, Fire Marshal fees, Fire Prevention Code permits, EMS Transport fees, Adult Day Health Care (ADHC) fees, Employee Child Care Center fees, and the implementation of a new Middle School After School fee. On average, Zoning fees and Fire Marshal fees and Fire Prevention Code permits will be increased by 5.0 percent, which is estimated to generate an additional \$0.5 million. In addition, EMS Transport fees, which were last adjusted in

FY 2024, are proposed to be adjusted in FY 2027 as follows: the Basic Life Support (BLS) transport increases from \$750 to \$850; Advanced Life Support 1 (ALS-1) transport from \$950 to \$1,075; Advanced Life Support 2 (ALS-2) transport from \$1,175 to \$1,325; and the current charge of \$18 per mile transported increases to \$20 per mile transported. The EMS Transport fee increases are estimated to generate an additional \$1.8 million in FY 2027. The ADHC fee, which was last adjusted in FY 2025, will be increased by 4 percent and is anticipated to generate an additional \$47,000. Adjustments of the Employee Child Care Center (ECCC) fees are expected to increase on average 11 percent and generate a revenue increase of \$0.5 million. This increase brings the ECCC fees in line with surrounding day care centers and was recommended by ECCC families. It is consistent with the October 7, 2025, presentation to the Board of Supervisors at the Health and Human Services Committee meeting. In addition, a new Middle School After School fee is recommended to be implemented that is anticipated to generate an additional \$1.1 million in FY 2027. This fee will be administered by FCPS and revenue remitted to the County. In FY 2028, once baseline revenues are established, FCPS will begin collecting the revenue directly, resulting in a commensurate decrease in the County transfer to FCPS. A more detailed discussion of these fees can be found in the following narrative.

Revenue

The FY 2026 and FY 2027 General Fund revenue estimates discussed in this section are based on a review of Fairfax County economic indicators, actual FY 2025 receipts, and FY 2026 year-to-date collection trends. Forecasts of economic activity in the County are provided by IHS Markit and a variety of national economic forecasts are considered. Based on analysis of projected trends, revenue categories are expected to experience moderate growth through FY 2027.

In FY 2027, current and delinquent Real Estate Tax revenue comprises 64.7 percent of total County General Fund revenues. FY 2027 Real Estate property values were established as of January 1, 2026 and reflect market activity through calendar year 2025. The Real Estate Tax base is projected to increase 3.77 percent in FY 2027 and is made up of a 3.32 percent increase in total equalization (reassessment of existing residential and nonresidential properties), and an increase of 0.45 percent for new construction.

General Fund Revenue Overview

Major Revenue Sources

The following major revenue categories discussed in this section comprise 98.9 percent of total FY 2027 General Fund revenue. Unless otherwise indicated, comparative data are presented relative to the *FY 2026 Revised 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 2025 Actual	FY 2026 Adopted Budget Plan	FY 2026 Revised Budget Plan ¹	FY 2027 Advertised Budget Plan	Change from Revised	
					Increase / (Decrease)	% Change
Real Estate Tax - Current	\$3,555,591,481	\$3,723,938,792	\$3,723,938,792	\$3,856,199,999	\$132,261,207	3.6%
Personal Property Tax - Current ²	784,642,555	772,999,595	803,245,788	828,462,733	25,216,945	3.1%
<i>Paid Locally</i>	573,328,611	561,685,651	591,931,844	617,148,789	25,216,945	4.3%
<i>Reimbursed by Commonwealth</i>	211,313,944	211,313,944	211,313,944	211,313,944	0	0.0%
Business, Professional and Occupational License Tax-Current	211,001,295	215,258,071	215,258,071	218,486,941	3,228,870	1.5%
Local Sales Tax	249,561,855	251,357,344	254,550,859	258,367,447	3,816,588	1.5%
Food and Beverage Tax	-	67,900,000	67,900,000	135,800,000	67,900,000	100.0%
Recordation/Deed of Conveyance Taxes	31,436,576	29,107,014	30,818,756	31,435,131	616,375	2.0%
Bank Franchise Tax	28,520,593	31,629,866	28,520,593	29,091,005	570,412	2.0%
Gas & Electric Utility Taxes	45,314,733	44,880,523	44,880,523	45,329,328	448,805	1.0%
Vehicle License Fee	27,337,191	27,951,236	27,951,236	28,370,505	419,269	1.5%
Transient Occupancy Tax	26,366,888	39,093,030	39,093,030	33,229,075	(5,863,955)	(15.0%)
Cigarette Tax	5,043,615	4,903,596	4,903,596	4,658,416	(245,180)	(5.0%)
Permits, Fees and Regulatory Licenses	11,031,357	12,985,962	12,985,962	13,496,929	510,967	3.9%
Investment Interest	190,696,546	150,370,000	166,300,000	150,370,000	(15,930,000)	(9.6%)
Charges for Services	72,641,370	71,808,877	74,584,336	78,104,347	3,520,011	4.7%
Fines and Forfeitures	9,175,729	9,214,101	9,231,642	9,412,284	180,642	2.0%
Recovered Costs/ Other Revenue	21,643,708	21,234,575	21,602,154	21,767,157	165,003	0.8%
Revenue from the Commonwealth and Federal Government ²	174,680,809	167,673,630	170,495,618	168,285,012	(2,210,606)	(1.3%)
Total Major Revenue Sources	\$5,444,686,301	\$5,642,306,212	\$5,696,260,956	\$5,910,866,309	\$214,605,352	3.8%

¹ FY 2026 revenue estimates were increased a net \$53.4 million as part of the *FY 2025 Carryover Review* and the fall 2025 revenue review. Explanations of these changes can be found in the following narrative. The *FY 2026 Third Quarter Review* may contain further adjustments as necessary.

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.

Real Estate Taxes

REAL ESTATE TAX-CURRENT

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$3,555,591,481	\$3,723,938,792	\$3,723,938,792	\$3,856,199,999	\$132,261,207	3.6%

The FY 2027 Advertised Budget Plan estimate for Current Real Estate Taxes is \$3,856,199,999 and represents an increase of \$132,261,207 or 3.6 percent over the FY 2026 Revised Budget Plan estimate. The increase is the result of the rise of the Real Estate tax base of 3.77 percent as compared to the FY 2026 valuation of real property. The Real Estate tax rate remains unchanged at \$1.1225 per \$100 of assessed value.

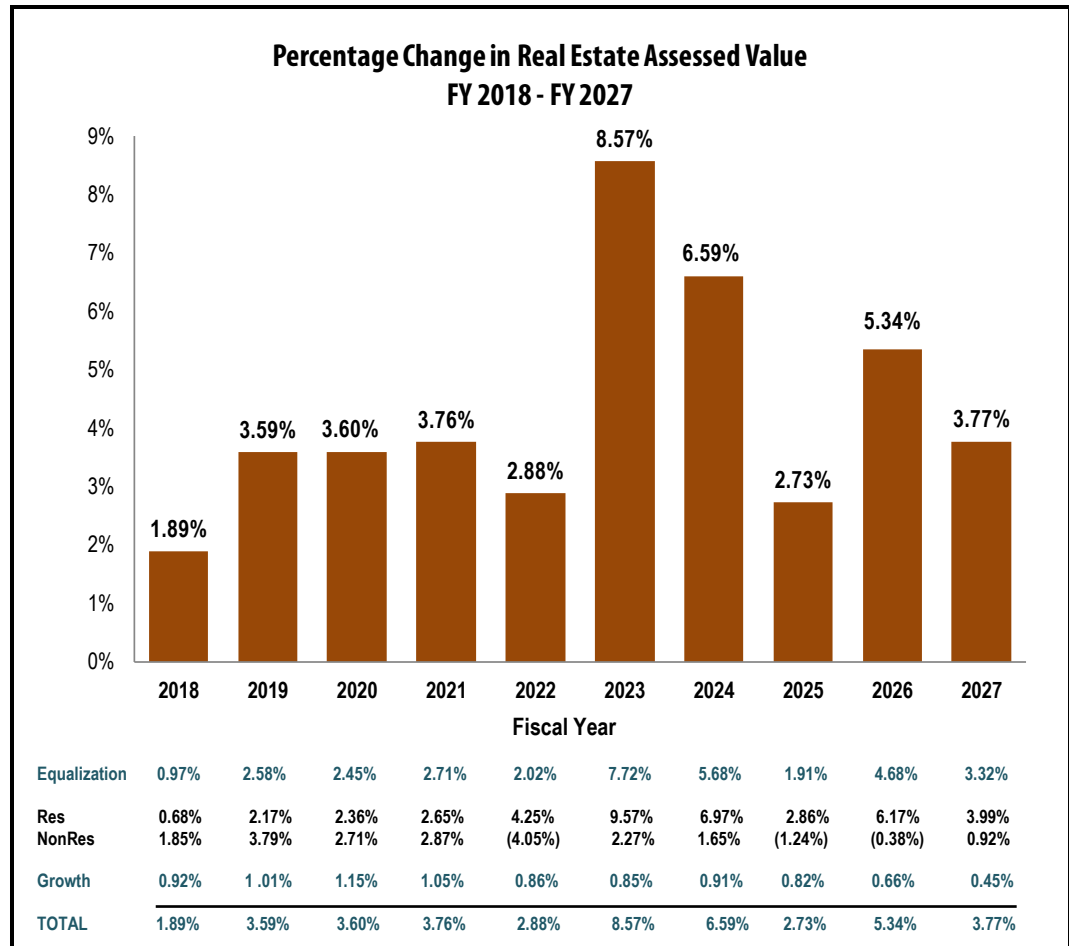
The FY 2027 value of assessed real property represents an increase of 3.77 percent, as compared to the FY 2026 Real Estate Land Book, and is comprised of an increase in equalization of 3.32 percent and an increase of 0.45 percent associated with new construction. The FY 2027 figures reflected in this document are based on final assessments for Tax Year 2026 (FY 2027), which were established as of January 1, 2026. In addition to the revenue shown in the table above, the projected value of one and a one-quarter penny (1.25) on the Real Estate Tax rate (\$43.94 million) is allocated to Fund 30300, Affordable Housing Development and Investment, and \$4.9 million is allocated to Fund 70040, Mosaic District Community Development Authority. Throughout FY 2027, 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 99.65 percent.

The FY 2027 Main Assessment Book Value is \$354,061,297,220 and represents an increase of \$12,866,069,400, or 3.77 percent, over the FY 2026 main assessment book value of \$341,195,227,820.

As a result of the housing market crisis and a general decline in economic conditions during the Great Recession, the real estate assessment base in Fairfax County declined for two consecutive years in FY 2010 and FY 2011, after experiencing years of double-digit advances in the early 2000s. Since FY 2012, the assessment base has increased by an average annual rate of 3.46 percent through FY 2022. In FY 2023, it increased a strong 8.57 percent, followed by an increase of 6.59 percent in FY 2024. This was primarily due to the historically low mortgage rates (below 3 percent for a 30-year fixed rate mortgage) and a very tight supply of homes for sale on the market. In FY 2025, growth in the real estate assessment base decelerated relative to the previous two years, increasing only 2.73 percent, likely driven by higher mortgage rates and diminished affordability. However, during calendar year 2024, local housing price appreciation picked up as the supply of homes for sale remained low. In FY 2026, the real estate assessment base increased by 5.34 percent. During 2025, the local economy experienced volatility as result of federal policy changes, federal government employee layoffs, and an extended federal government shutdown in October and November. This uncertainty undoubtedly impacted the local real estate market. The FY 2027 real estate assessment base increased by 3.77 percent, lower than in FY 2026. According to the S&P Case-Shiller Home Prices Indices, home prices in the Washington Metropolitan area increased by just 0.3 percent during the period between November 2024 and November 2025.

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The following chart shows changes in the County's assessed value base from FY 2018 to FY 2027.



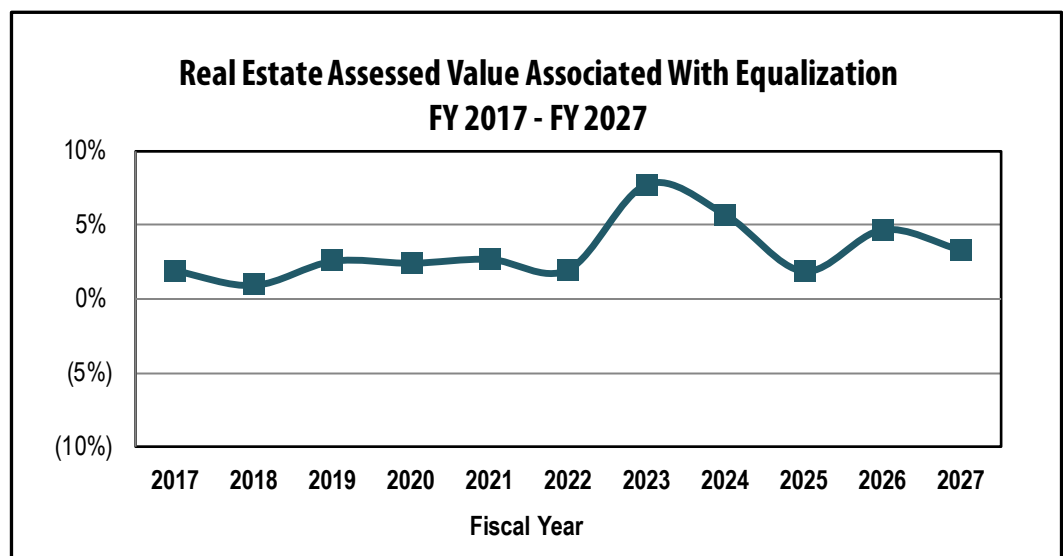
The overall change in the assessment base is comprised of equalization and normal growth. For reporting purposes, individual properties are identified as being in either the equalization category or the growth category, but not both. Equalization properties are those whose values change due to market 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 2027 assessment base reflects a total equalization increase of 3.32 percent and an increase of 0.45 percent associated with the growth component. As a result of changes in equalization and growth, the residential portion of the total assessment base increased from 78.15 percent in FY 2026 to 78.55 percent in FY 2027. The following table reflects changes in the Real Estate Tax assessment base from FY 2021 through FY 2027.

Main Real Estate Assessment Book Value and Changes

(in millions)

Assessed Base Change Due To:	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Equalization	\$6,908.6	\$5,340.6	\$21,024.3	\$16,809.5	\$6,011.5	\$15,144.9	\$11,334.1
% Change	2.71%	2.02%	7.72%	5.68%	1.91%	4.68%	3.32%
Residential	2.65%	4.25%	9.57%	6.97%	2.86%	6.17%	3.99%
Nonresidential	2.87%	(4.05%)	2.27%	1.65%	(1.24%)	(0.38%)	0.92%
Normal Growth	\$2,693.0	\$2,284.2	\$2,327.6	\$2,690.1	\$2,607.0	\$2,161.7	\$1,532.0
% Change	1.05%	0.86%	0.85%	0.91%	0.82%	0.66%	0.45%
Residential	0.67%	0.76%	0.78%	0.85%	0.54%	0.48%	0.32%
Nonresidential	2.10%	1.13%	1.08%	1.10%	1.78%	1.29%	0.92%
Total Change	\$9,601.7	\$7,624.8	\$23,351.9	\$19,499.6	\$8,618.5	\$17,306.6	\$12,866.1
% Change	3.76%	2.88%	8.57%	6.59%	2.73%	5.34%	3.77%
Total Book	\$264,793.6	\$272,418.5	\$295,770.4	\$315,270.1	\$323,888.6	\$341,195.2	\$354,061.3

Equalization, or reassessment of existing residential and nonresidential property, represents an increase in value of \$11,334,081,540, or 3.32 percent, in FY 2027. Both residential and non-residential property values increased in FY 2027. Overall, residential equalization reflects a 3.99 percent increase in FY 2027, compared to a 4.68 percent increase in FY 2026. Nonresidential equalization increased 0.92 percent in FY 2027 after two consecutive years of declines. Changes in the assessment base as a result of equalization are shown in the following graph.



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In 2025, 30-year fixed mortgage rates fluctuated throughout the year but saw a slight decrease from 2024, settling on average, in the lower 6 percent range. Inventory levels and sales volume remained relatively stable compared to the previous year, with home prices continuing their trend of appreciation. However, the rate of increase was lower than what was experienced in 2024. This was the primary basis for determining residential assessed values for tax year 2026 (FY 2027).

The total value of residential properties including new construction in FY 2027 is \$278.2 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.

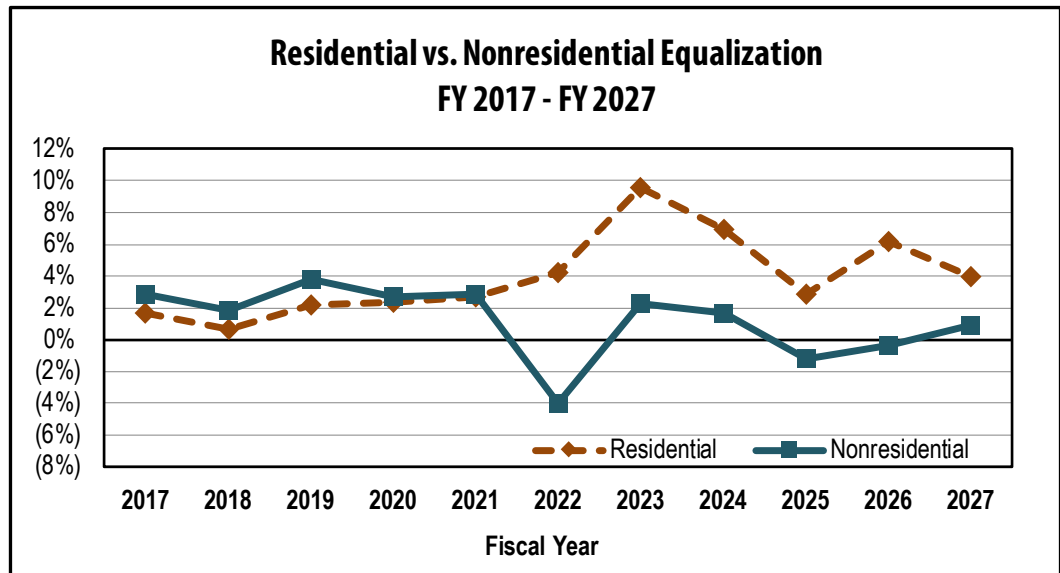
Overall, single family property values increased 4.28 percent in FY 2027. The value of single-family homes has the most impact on the total residential base because they represent almost 72.0 percent of the total. The value of townhouse properties increased 3.90 percent in FY 2027, while that of condominium properties increased 2.94 percent. Changes in residential equalization by housing type since FY 2022 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 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Single Family (71.8%)	4.17%	10.86%	7.80%	2.79%	6.38%	4.28%
Townhouse/Duplex (19.9%)	5.13%	8.70%	6.31%	2.99%	6.53%	3.90%
Condominiums (7.9%)	4.62%	3.98%	3.98%	4.21%	5.84%	2.94%
Vacant Land (0.3%)	2.07%	11.67%	6.40%	3.48%	6.59%	4.79%
Other (0.1%) ¹	1.95%	3.88%	9.25%	0.70%	6.14%	0.96%
Total Residential Equalization (100%)	4.25%	9.57%	6.97%	2.86%	6.17%	3.99%

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 existing residential property in the County is \$829,895. This is an increase of \$31,842, or 3.99 percent over the FY 2026 value of \$798,053. At the Real Estate tax rate of \$1.1225 per \$100 of assessed value, the typical residential annual tax bill will rise, on average, \$357.43 in FY 2027 to \$9,315.57.



From FY 2017 to FY 2021, growth in nonresidential equalization was higher than that of residential equalization. The trend ended in FY 2022 when nonresidential equalization decreased by 4.05 percent. Most nonresidential categories experienced an assessment decrease in FY 2022 as a result of the COVID-19 pandemic. The pandemic continued through calendar year 2021 but its effects on daily life were lessened as the world returned to a “new normal.” Commercial real estate values in FY 2023 began to recover from the significant decreases seen in the previous tax year, increasing 2.27 percent overall. In calendar year 2022, nonresidential values increased modestly, with non-residential equalization reflecting an increase of 1.65 percent in FY 2024. The trend reversed in FY 2025, with nonresidential real estate values decreasing 1.24 percent, followed by another decline of 0.38 percent for FY 2026. During 2025, the office market continued to face strong headwinds due to the same factors that have been evident since the pandemic changed the concept of “in-office” work. As such, office values are down again for FY 2027. Retail, multi-family, and industrial properties continue to be stable and have seen flat or slightly higher values. Data centers continued to become more prevalent in Fairfax County with several new developments coming online in 2025. For the first time in three years, non-residential equalization was positive, with values increasing 0.92 percent in FY 2027.

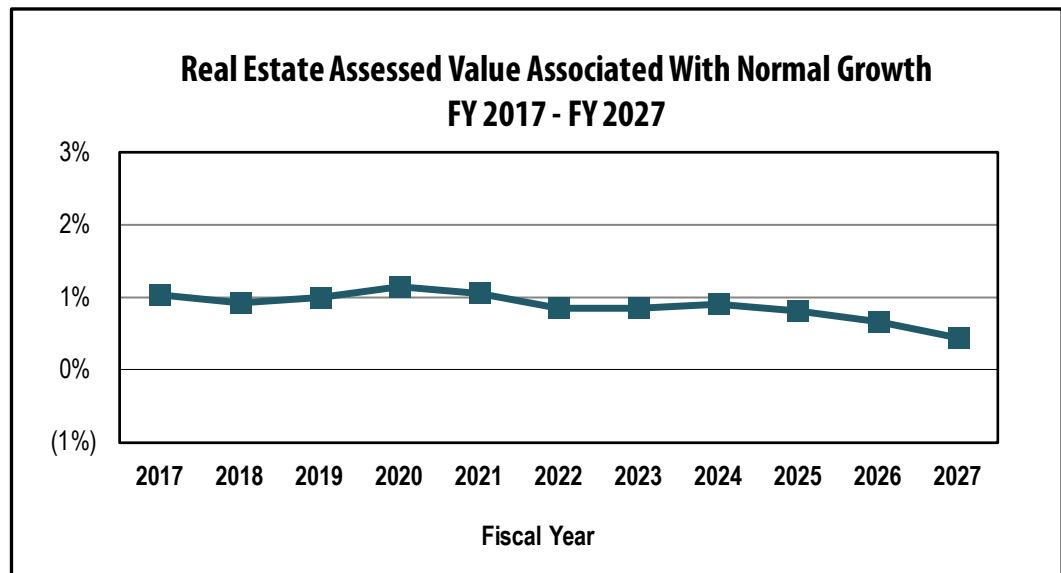
Retail properties, which increased 0.94 percent in FY 2026, posted another slight increase of 0.83 percent in FY 2027. Apartment values, which represent 32.7 percent of the total nonresidential equalization base, rose 2.62 percent in FY 2027. Office Elevator properties (mid- and high-rises), which comprise 22.7 percent of the nonresidential tax base, experienced a decrease for the sixth consecutive year, declining 3.24 percent in assessed value in FY 2027 after decreasing 7.20 percent in FY 2026. Hotel property values in Fairfax County for tax year 2026 (FY 2027) increased 5.17 percent. The total value of nonresidential properties including new construction in FY 2027 is \$75.8 billion. Nonresidential equalization changes by category since FY 2022 are presented in the following table.

General Fund Revenue Overview

Nonresidential Equalization Changes

Category (Percent of Base)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Apartments (32.7%)	2.78%	6.60%	4.04%	1.97%	1.31%	2.62%
Office Condominiums (3.5%)	(0.59%)	0.65%	1.61%	(0.05%)	2.01%	5.22%
Industrial (8.7%)	0.14%	1.97%	9.59%	(1.37%)	2.14%	4.38%
Retail (16.4%)	(10.20%)	2.84%	3.92%	1.14%	0.94%	0.83%
Office Elevator (22.7%)	(4.42%)	(0.45%)	(3.69%)	(9.09%)	(7.20%)	(3.24%)
Office - Low Rise (1.4%)	(3.28%)	2.41%	(1.17%)	(3.67%)	1.73%	(2.63%)
Vacant Land (3.8%)	(5.36%)	(0.74%)	(3.27%)	(1.84%)	(1.43%)	(2.17%)
Hotels (3.1%)	(44.20%)	1.92%	14.46%	22.17%	17.38%	5.17%
Other (7.7%)	(3.75%)	0.84%	3.91%	2.83%	2.75%	2.39%
Nonresidential Equalization (100%)	(4.05%)	2.27%	1.65%	(1.24%)	(0.38%)	0.92%

The Growth component increased the FY 2027 assessment base by \$1,531,987,860, or 0.45 percent, over the FY 2026 assessment book value. New construction increased the residential property base by 0.32 percent and nonresidential properties by 0.92 percent.



In addition to the final equalization and normal growth adjustments in the Main Assessment Book, the following projected adjustments were made to the FY 2027 Real Estate Tax revenue estimate:

Exonerations, Certificates and Tax Abatements are anticipated to reduce the Real Estate assessment base by \$1,445.0 million in FY 2027, resulting in a reduction in levy of \$16.2 million.

Additional Assessments expected to be included in the new Real Estate base total \$875.0 million, or a levy increase of \$9.8 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.

General Fund Revenue Overview

The Real Estate Tax Relief Program is projected to reduce the Real Estate assessment base in FY 2027 by \$5,950.0 million. The reduction in tax levy due to the Tax Relief program is approximately \$66.8 million at the Real Estate tax rate of \$1.1225 per \$100 of assessed value. For FY 2027, the income limits of the Tax Relief for Seniors and People with Disabilities program remain unchanged and are as follows: 100 percent exemption for elderly and disabled taxpayers with incomes up to \$60,000; 75 percent exemption for eligible applicants with income between \$60,001 and \$70,000; 50 percent exemption for eligible applicants with income between \$70,001 and \$80,000; and 25 percent exemption if income is between \$80,001 and \$90,000. The allowable asset limit in FY 2027 is \$400,000 for all ranges of tax relief. Relief is granted to a maximum limit of 125 percent of the mean assessed value of all residential properties in Fairfax County as of January 1, 2026.

In FY 2024, the Board of Supervisors approved a Real Estate Tax Deferral program for eligible seniors and people with disabilities. To qualify for the program, total combined gross household income from the immediately preceding year may not exceed \$100,000. Additionally, the total net worth of applicants and owners may not exceed \$500,000, not including the value of the home, its furnishings and the home site. The deferred real estate taxes are subject to an annual compounding interest at the rate of the prime rate set by the Wall Street Journal plus 1.00 percent per year (not to exceed 8.00 percent in total). The deferred taxes and accumulated interest may not exceed 10 percent of the assessed value of the property and are due to the County upon the sale or transfer of the property and within one year of the date of passing of the eligible applicant.

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. Under state law, surviving spouses are not eligible for the exemption if they have remarried or if the veteran's date of death was prior to January 1, 2011. In addition, the surviving spouse of a military service member 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. 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 2027 income and asset thresholds for the Real Estate Tax Relief Program.

FY 2027 Real Estate Tax Relief Program

	Income Limit	Asset Limit	Percent Relief
Elderly and Disabled*	Up to \$60,000	\$400,000	100%
	Over \$60,000 to \$70,000		75%
	Over \$70,000 to \$80,000		50%
	Over \$80,000 to \$90,000		25%
100% Disabled Veterans or Surviving Spouse	No Limit	No Limit	100%
Surviving Spouse of Military Service Member or First Responder Killed in the Line of Duty	No Limit	No Limit	Full or partial based on mean assessed value

* Relief is granted to a maximum limit of 125% of the mean assessed value of all residential properties in Fairfax County as of January 1, 2026.

General Fund Revenue Overview

The FY 2027 local assessment base of \$347,541,337,220 is derived from the main assessment book and subsequent adjustments discussed above. From this local assessment base, a local tax levy of \$3,901,151,510 is calculated using the Real Estate Tax rate of \$1.1225 per \$100 of assessed value. Based on an expected local collection rate of 99.65 percent, revenue from local assessments is estimated to be \$3,887,500,062. In FY 2027, every 0.01 percentage point change in the collection rate on the locally assessed Real Estate Tax levy yields a revenue change of \$0.4 million, while every penny on the tax rate yields \$35.15 million in revenue.

Added to the local assessment base is an estimated \$1,560,801,741 in assessed value for Public Service Corporations (PSC) property. Using the Real Estate tax rate of \$1.1225 per \$100 of assessed value, the tax levy on PSC property is \$17,520,000. The collection rate on PSC property is expected to be 100.0 percent.

The total assessment base, including Public Service Corporations, is \$349,102,138,961, with a total tax levy of \$3,918,671,510 at the Real Estate Tax rate of \$1.1225 per \$100 of assessed value. Estimated FY 2027 revenue from the Real Estate Tax, including receipts from Public Service Corporations totals \$3,905,020,062. Of this amount, the value of one and a quarter cent on the Real Estate Tax rate, \$43,941,346, has been directed to Fund 30300, Affordable Housing Development and Investment, and \$4,878,717 has been directed to Fund 70040, Mosaic District Community Development Authority.

FY 2027 Estimated Real Estate Assessments and Tax Levy

	Assessed Value	FY 2027 Tax Levy at \$1.1225/\$100 of Assessed Value
FY 2026 Real Estate Book	\$341,195,227,820	\$3,829,916,432
FY 2027 Equalization	11,334,081,540	\$127,225,065
FY 2027 Growth	1,531,987,860	17,196,564
TOTAL FY 2027 REAL ESTATE BOOK	\$354,061,297,220	\$3,974,338,061
Exonerations	(\$1,100,000,000)	(\$12,347,500)
Certificates	(90,000,000)	(1,010,250)
Tax Abatements	(255,000,000)	(2,862,375)
Subtotal Exonerations	(\$1,445,000,000)	(\$16,220,125)
Supplemental Assessments	\$875,000,000	\$9,821,875
Tax Relief	(5,949,960,000)	(66,788,301)
Local Assessments	\$347,541,337,220	\$3,901,151,510
Public Service Corporation	\$1,560,801,741	\$17,520,000
TOTAL¹	\$349,102,138,961	\$3,918,671,510

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 2027 is \$781,593,140, with a tax levy of \$8,773,383.

General Fund Revenue Overview

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 were 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 2027 is \$781,593,140, with a tax levy of \$8,773,383 at the Real Estate Tax rate of \$1.1225 per \$100 of assessed value. Based on an expected collection rate of 99.65 percent, revenue from the Mosaic TIF tax assessment is estimated to be \$8,742,676. 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 \$4,878,717 in FY 2027. Accordingly, the difference of \$3,863,959 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 \$3,856,199,999. The total local collection rates experienced in this category since FY 2011 are shown in the following table:

Real Estate Tax Local Collection Rates

Fiscal Year	Collection Rate	Fiscal Year	Collection Rate
2012	99.69%	2020	99.75%
2013	99.71%	2021	99.66%
2014	99.74%	2022	99.67%
2015	99.77%	2023	99.66%
2016	99.75%	2024	99.60%
2017	99.79%	2025	99.57%
2018	99.74%	2026 (estimated) ¹	99.65%
2019	99.75%	2027 (estimated) ¹	99.65%

¹ In FY 2027, every 0.1 percentage point change in the collection rate yields a revenue change of \$3.9 million.

The Commercial/Industrial percentage of the County's FY 2027 Real Estate Tax base is 14.42 percent, a decrease of 0.38 percentage point from the FY 2026 level of 14.80 percent. Commercial/Industrial property values as a percentage of the Real Estate Tax base decreased in FY 2027 as a result of higher growth experienced in residential real estate values and the very modest increase in assessed values of commercial properties. The Commercial/Industrial percentage is based on Virginia land use codes and includes all nonresidential property except multi-family rental apartments, which make up 7.03 percent of the County's Real Estate Tax base in FY 2027. Fairfax County's historical Commercial/Industrial percentages are detailed in the following table:

General Fund Revenue Overview

Commercial/Industrial Percentages

Fiscal Year	Percentage	Fiscal Year	Percentage
2012	19.64%	2020	19.66%
2013	20.77%	2021	19.72%
2014	19.96%	2022	18.17%
2015	19.01%	2023	17.00%
2016	18.67%	2024	16.16%
2017	18.89%	2025	15.58%
2018	19.12%	2026	14.80%
2019	19.43%	2027	14.42%

FY 2026 Current Real Estate Tax Revenue

There have been no adjustments to the FY 2026 Real Estate revenue estimate. Staff will continue to monitor receipts and any necessary adjustments to the current estimate will be included as part of the *FY 2026 Third Quarter Review*.

Personal Property Taxes

PERSONAL PROPERTY TAX-CURRENT

	FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
Paid Locally	\$573,328,611	\$561,685,651	\$591,931,844	\$617,148,789	\$25,216,945	4.3%
Reimbursed by State	211,313,944	211,313,944	211,313,944	211,313,944	0	0.0%
Total	\$784,642,555	\$772,999,595	\$803,245,788	\$828,462,733	\$25,216,945	3.1%

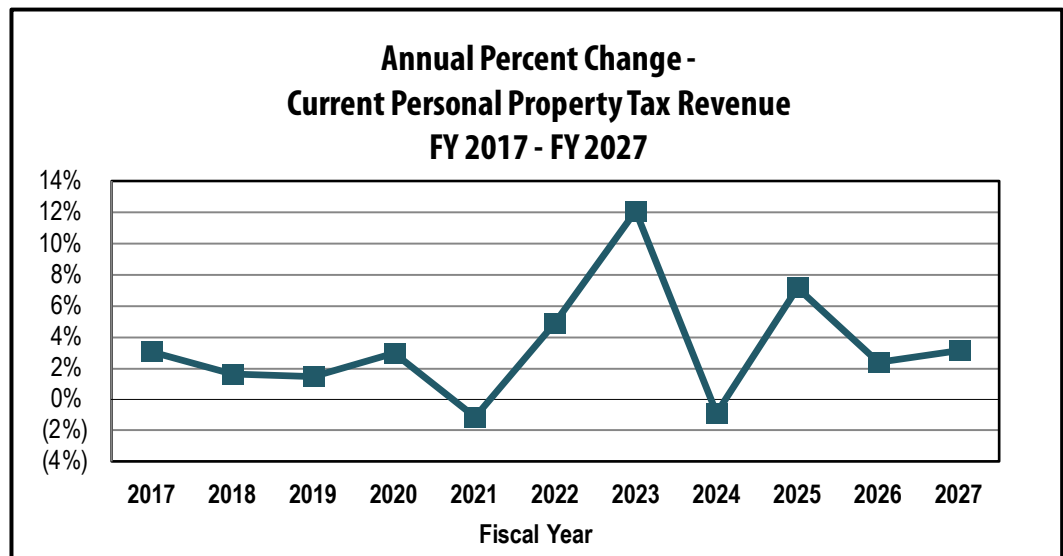
The FY 2027 Advertised Budget Plan estimate for Personal Property Tax revenue of \$828,462,733 reflects an increase of \$25,216,945 or 3.1 percent over the *FY 2026 Revised Budget Plan* estimate. Due to pandemic related supply chain disruptions and shortages of computer chips, car prices moved significantly higher during the COVID-19 pandemic. To partially offset the unprecedented increase to vehicle values, the Board of Supervisors adopted a vehicle assessment ratio of 85 percent of the trade-in value for Tax Year 2022 (FY 2023). Normally, vehicles are assessed at 100 percent of the trade-in value. As vehicle values started to decline from the historically high levels, the Board of Supervisors approved a 90-percent vehicle assessment ratio for Tax Year 2023 (FY 2024) rather than the 85 percent used in FY 2023. For Tax Year 2024 (FY 2025) and subsequent tax years, vehicles are assessed at 100 percent of the trade-in value and no assessment ratio is being utilized. Based on preliminary information from J.D. Power, the January 1, 2026 vehicle values are expected to be higher than last year.

The Personal Property Tax on vehicles represents 78.8 percent of the total assessment base in FY 2027. 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

General Fund Revenue Overview

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 the substantial increase in the average vehicle levy in FY 2023 and the capped reimbursement amount from the state, the PPTRA percentage decreased to 49.5 percent, down from 57.5 percent in FY 2022. For FY 2024, FY 2025, and FY 2026, the PPTRA percentage was set at 51.0 percent, 50.0 percent, and 51.0 percent respectively. Based on preliminary estimates, it is expected to be set at 49.0 percent in FY 2027.

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



From FY 2017 through FY 2020, annual growth in Personal Property Tax revenue averaged 2.0 percent. Receipts declined 1.1 percent in FY 2021 as a result of the COVID-19 pandemic. The number of vehicles in the County dropped 4.0 percent, while the average vehicle levy was 1.4 percent higher compared to the previous year. In FY 2022, Current Personal Property Tax revenue increased 4.9 percent over the FY 2021 level. The FY 2022 average vehicle levy increased 7.2 percent as a result of strong demand and limited supply of new and used vehicles, while the overall business personal property levy decreased 1.4 percent. As shown in the chart above, a significant increase of 12.1 percent occurred in FY 2023 primarily due to strong vehicle levy. Used car values appreciated on average by 33 percent, as indicated by the January 1, 2022, values from J.D. Power. To offset the unprecedented increase in car values, the County applied an 85 percent assessment ratio for FY 2023. Using the lower assessment ratio resulted in an effective average assessed value increase of 16.4 percent. In FY 2024, a 90-percent assessment ratio was used. FY 2024 Personal Property Tax receipts declined 0.9 percent primarily as a result of a 4.8 percent decrease in the average vehicle tax levy. The vehicle volume in FY 2024 increased 3.4 percent after declining 2.3 percent in FY 2023. For FY 2025, at 100 percent of the trade-in value, with no assessment ratio

General Fund Revenue Overview

applied, the average vehicle levy increased 7.7 percent compared to the discounted FY 2024 average vehicle levy; vehicle volume increased 1.0 percent. In FY 2026, vehicle volume is anticipated to be up 3.2 percent, while the average vehicle levy is expected to be slightly down by 1.1 percent compared to FY 2025. Preliminary analysis with data from J.D. Power indicates that January 1, 2026 (FY 2027) car values increased, with the average vehicle value up 2.1 percent compared to FY 2026. Vehicle volume is anticipated to increase by 2.4 percent in FY 2027.

Changes in vehicle volume and average vehicle levy since FY 2017 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 2017	0.7%	\$468	2.4%
FY 2018	0.8%	\$469	0.1%
FY 2019	0.0%	\$478	2.0%
FY 2020	(0.1%)	\$495	3.5%
FY 2021	(4.0%)	\$502	1.4%
FY 2022	0.6%	\$538	7.2%
FY 2023 ¹	(2.3%)	\$626	16.5%
FY 2024 ¹	3.4%	\$596	(4.8%)
FY 2025	1.0%	\$642	7.7%
FY 2026 (est.)	3.2%	\$635	(1.1%)
FY 2027 (est.)	2.4%	\$648	2.1%

¹ In FY 2023, an assessment ratio of 85 percent of the trade-in value was used. In FY 2024, an assessment ratio of 90 percent of the trade-in value was used. All other years, vehicles were assessed at 100 percent of the trade-in value.

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. Average annual growth in business personal property levy was 2.6 percent from FY 2018 through FY 2021. In FY 2022, it decreased 2.7 percent, followed by an increase of 3.5 percent in FY 2023. It declined 0.9 percent in FY 2024 but experienced a solid 6.0 percent increase in FY 2025. Several data centers were added in Fairfax County in FY 2026 (tax year 2025), resulting in increases of more than \$20 million in Furniture and Fixtures and Computer Equipment revenue. As a result, business personal property tax levy is projected to increase 14.6 percent in FY 2026. However, this revenue from data center business personal property is expected to decrease in FY 2027 (tax year 2026) due to depreciation related to the assets reported in the previous year filing. A decrease of 1.8 percent is projected in FY 2027.

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. Effective January 1, 2022, Machinery and Tools equipment is depreciated starting at 50 percent of the original cost for the first year of ownership and 10 percent less each succeeding year, until it reaches a floor of 10 percent in the fifth year.

General Fund Revenue Overview

Personal Property Tax revenue estimates are based on a tax rate of \$4.57 per \$100 of valuation for vehicles and business property, except for Machinery and Tools which are taxed at a rate of \$2.00 per \$100 of assessed value, and a real estate tax rate of \$1.1225 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.

FY 2027 Estimated Personal Property Assessments and Tax Levy

Category	FY 2027 Assessed Value	Tax Rate (per \$100)	FY 2027 Tax Levy	Percent of Total Levy
Vehicles				
Privately Owned	\$14,705,825,423	\$4.57	\$584,695,956	68.6%
Business Owned	1,053,000,620	4.57	40,888,864	4.8%
Leased	1,290,346,200	4.57	46,008,010	5.4%
Subtotal	\$17,049,172,243		\$671,592,830	78.8%
Business Personal Property				
Furniture and Fixtures	\$2,369,338,138	\$4.57	\$122,909,128	14.4%
Computer Equipment	844,472,936	4.57	43,681,779	5.1%
Machinery and Tools	18,076,214	2.00	407,907	0.0%
Research and Development	23,053	4.57	1,186	0.0%
Subtotal	\$3,231,910,341		\$167,000,000	19.5%
Other Personal Property				
Boats, Trailers, Miscellaneous	\$42,038,155	\$4.57	\$1,725,507	0.2%
Mobile Homes	21,995,750	1.1225	274,493	0.1%
Subtotal	\$64,033,905		\$2,000,000	0.3%
Exonerations	(\$98,270,382)	\$4.57	(\$37,826,677)	(4.4%)
Omitted Assessments	439,673,307	4.57	8,405,928	1.0%
Total Local Assessed Value and Levy	\$20,686,519,414		\$811,172,081	95.2%
Public Service Corporations				
Equalized	\$3,621,290,436	\$1.1225	\$40,648,986	4.8%
Vehicles	6,041,079	4.57	276,077	0.0%
Subtotal	\$3,627,331,515		\$40,925,063	4.8%
TOTAL	\$24,313,850,929		\$852,097,144	100.0%

General Fund Revenue Overview

FY 2027 Personal Property Tax assessments including Public Service Corporations are projected to be \$24,313,850,929 with a total tax levy of \$852,097,144. Personal Property Tax revenue collections are projected to be \$828,462,733, of which \$211.3 million will be reimbursed from the state. The collection rate associated with the taxpayer's share is estimated to be 96.1 percent. Total collection rates experienced in this category since FY 2012 are shown in the following table:

Personal Property Tax Collection Rates

Fiscal Year	Collection Rate	Fiscal Year	Collection Rate
2012	98.2%	2020	97.6%
2013	98.4%	2021	96.4%
2014	97.4%	2022	96.9%
2015	98.4%	2023	96.9%
2016	98.5%	2024	96.6%
2017	98.4%	2025	96.5%
2018	98.3%	2026 (estimated)	96.1%
2019	98.0%	2027 (estimated) ¹	96.1%

¹ In FY 2027, each 0.1 percentage point change in the collection rate on the local tax levy will impact revenues by approximately \$0.6 million, and each penny on the tax rate yields a revenue change of \$1.7 million.

FY 2026 Current Personal Property Tax Revenue

The FY 2026 Personal Property Tax estimate was adjusted as part of the fall 2025 revenue review and reflects an increase of \$30.2 million over the FY 2026 Adopted Budget Plan estimate. The increase is the result of higher vehicle volume and higher than anticipated average vehicle levy. In addition, business personal property tax levy experienced a significant increase as a result of additional data center computer equipment that came online.

Business, Professional and Occupational License Tax

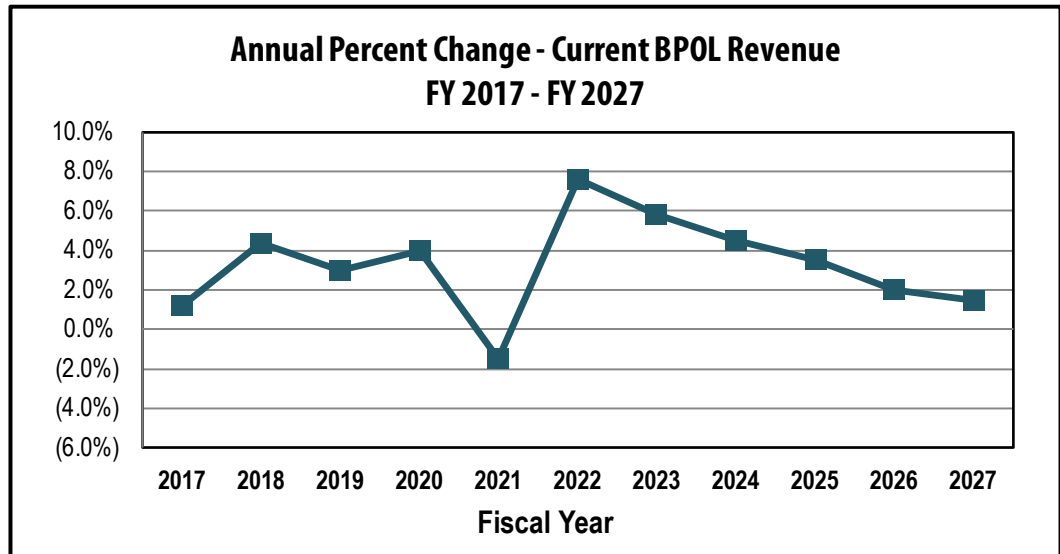
BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$211,001,295	\$215,258,071	\$215,258,071	\$218,486,941	\$3,228,870	1.5%

The FY 2027 Advertised Budget Plan estimate for Business, Professional, and Occupational License Taxes (BPOL) of \$218,486,941 reflects an increase of \$3,228,870 or 1.5 percent over the FY 2026 Revised Budget Plan. From FY 2017 through FY 2020, annual growth in BPOL revenue averaged 3.8 percent. FY 2021 BPOL revenue was expected to decrease 5.4 percent due to the negative impact of the COVID-19 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. FY 2022 BPOL receipts rebounded strongly, increasing 7.6 percent, as they were positively impacted by the reopening of the economy during calendar year 2021, and by the significant support of the federal government stimulus. In FY 2023, BPOL receipts increased 5.8 percent over the FY 2022 level, followed by an increase of 4.5 percent in FY 2024, and 3.5 percent in FY 2025. In FY 2025, the combined Consultant and Business Service Occupations categories, which represent more than 44 percent of total BPOL receipts, increased 6.9 percent over the FY 2024 level, while the Professional Occupations category, which represents 12.2 percent of total

General Fund Revenue Overview

BPOL receipts, increased 5.0 percent. The Retail category, which represents almost 19 percent of total BPOL receipts, increased 3.9 percent over FY 2024. Heavily impacted by the pandemic disruptions, the Hotels/Motels category continued to recover, increasing 19.8 percent in FY 2025.



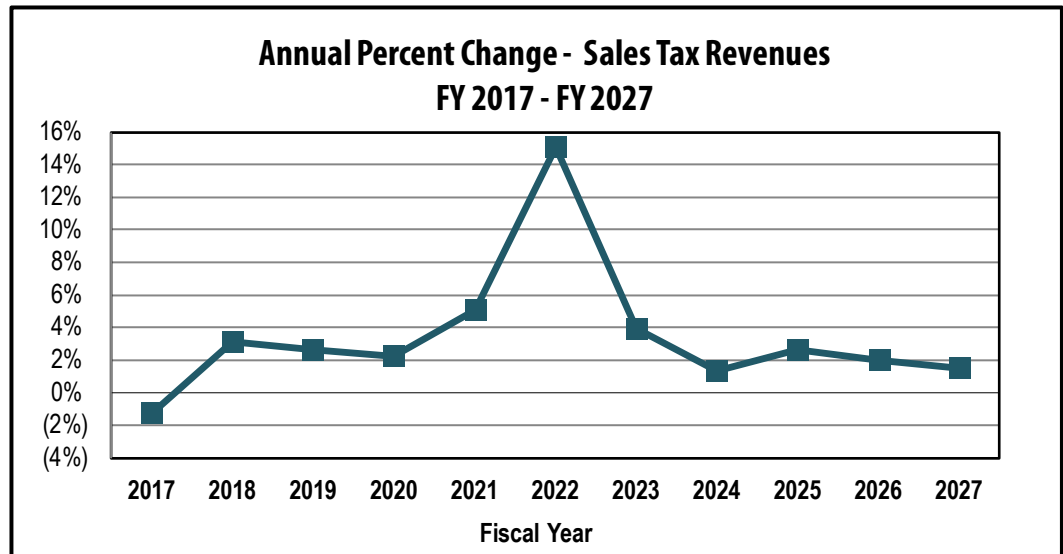
Since County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, there is limited actual data available throughout the fiscal year. Based on actual FY 2025 receipts and an econometric model using calendar year Sales Tax receipts and employment as predictors, the FY 2026 BPOL estimate was not adjusted during the fall 2025 revenue review and reflects an increase of 2.0 percent over the FY 2025 actual level. Consistent with model projections, BPOL revenue is expected to increase modestly by 1.5 percent in FY 2027.

Local Sales Tax

LOCAL SALES TAX

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$249,561,855	\$251,357,344	\$254,550,859	\$258,367,447	\$3,816,588	1.5%

The FY 2027 Advertised Budget Plan estimate for Sales Tax receipts of \$258,367,447 reflects an increase of \$3,816,588 or 1.5 percent over the *FY 2026 Revised Budget Plan*. The following chart illustrates that the level of Sales Tax receipts has varied with economic conditions.



From FY 2017 through FY 2020, annual growth in Sales Tax revenue averaged 2.7 percent. Notably, in FY 2020, Sales tax revenue trended significantly higher through March 2020 primarily as a result of a new law enacted by the Virginia General Assembly as of July 1, 2019 requiring the collection of state and local sales taxes from remote internet sellers in response to the provisions of the U.S. Supreme Court decisions in the South Dakota v. Wayfair, Inc. case. However, due to store closures and economic disruption as a result of the COVID-19 pandemic, FY 2020 receipts fell sharply at the end of the fiscal year. Overall, FY 2020 collections were only 2.2 percent higher than the FY 2019 level. Staff had originally anticipated that FY 2021 Sales Tax revenue would fall considerably due to business breakdowns and the economic recession, but receipts held up well, in large part due to a pandemic-related shift toward online spending, and actual FY 2021 collections increased 5.1 percent over the FY 2020 level. The FY 2022 Sales Tax revenue increased a strong 15.1 percent primarily as a result of the federal stimulus and as consumers continued spending more on goods rather than services. In FY 2023, Sales Tax revenue increased 3.9 percent over the FY 2022 level. As the economic boost from the federal stimulus began to wane, Sales Tax collections only grew 1.3 percent in FY 2024, followed by an increase of 2.6 percent in FY 2025. Sales Tax revenue is expected to increase 2.0 percent in FY 2026. Sales tax collections have been likely impacted by the numerous disruptions of the local economy throughout calendar year 2025, including federal government employment declines and the extended federal government shutdown in October and November 2025. While these disruptions impact consumer behavior negatively, the negative impact on sales tax collections is likely partially offset by higher consumer goods prices due to tariffs. Staff will continue to closely monitor consumer confidence and spending and any necessary adjustments to the current estimate will be included as part of the *FY 2026 Third Quarter Review*. Consistent with econometric model projections, Sales Tax receipts in FY 2027 are projected to rise 1.5 percent over the FY 2026 estimate.

Food and Beverage Tax

FOOD AND BEVERAGE TAX

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$0	\$67,900,000	\$67,900,000	\$135,800,000	\$67,900,000	100.0%

As part of the FY 2026 Adopted Budget Plan, the Board of Supervisors adopted a new Food and Beverage Tax, commonly known as a “meals tax”, at a rate of four percent effective January 1, 2026. It is anticipated that the Food and Beverage Tax will generate a projected \$67,900,000 in the second half of FY 2026 and the full year revenue of \$135,800,00 is projected for FY 2027. Currently, no actual collection data is available. Over the course of the remaining months in FY 2026, staff will be analyzing receipts to determine if adjustments to the FY 2027 projections are necessary.

Virginia Code § 58.1-3833 authorizes counties to impose a food and beverage tax at a tax rate not to exceed six percent on prepared meals sold for human consumption by restaurants and caterers. Meals taxes have been common in most Virginia cities and a number of Virginia counties for many years. A food and beverage tax provides an opportunity to diversify the County’s tax base. It is estimated that approximately a third of the meals tax receipts will be paid by those who live outside of Fairfax County, thus allowing the County to transfer some of the cost of maintaining County programs to tourists, visitors, and those who commute into the County. For the purpose of defraying some of the costs incurred by sellers collecting and remitting the tax in a timely manner, the Board approved a three percent dealer discount for the first two years after implementation of the food and beverage tax. Subsequently, beginning on January 1, 2028, and beyond, the discount allowed will be one percent of the tax levied if filed and paid to the County on time. The food and beverage tax is charged in addition to the sales tax.

Recordation/Deed of Conveyance Taxes

RECORDATION/DEED OF CONVEYANCE TAXES

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$31,436,576	\$29,107,014	\$30,818,756	\$31,435,131	\$616,375	2.0%

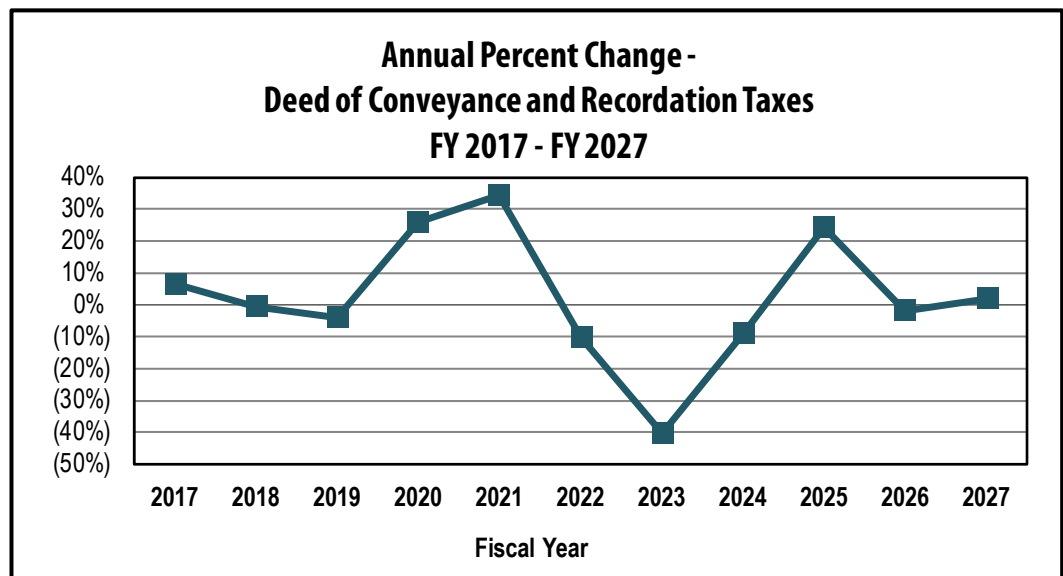
The FY 2027 Advertised Budget Plan estimate for Recordation and Deed of Conveyance Taxes of \$31,435,131 reflects an increase of \$616,375, or 2.0 percent, over the *FY 2026 Revised Budget Plan*. The FY 2027 estimate is comprised of \$24,161,663 in Recordation Tax revenues and \$7,273,468 in Deed of 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

General Fund Revenue Overview

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.

As shown on the following chart, 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. Due to historically low mortgage interest rates, which spurred a significant increase in refinancing activity, the combined receipts increased 25.8 percent in FY 2020 and another 34.4 percent in FY 2021. However, FY 2022 combined receipts declined 10.5 percent as mortgage interest rates increased substantially during the second half of the fiscal year. FY 2023 receipts declined a combined 40.1 percent because of significantly lower refinancing activity and fewer home sales associated with elevated mortgage rates. As the 30-year mortgage rates reached 8 percent in the fall of 2023, the highest level since 2000, FY 2024 receipts continued to decline and were down 8.9 percent compared to FY 2023. As mortgage interest rates reversed the trend and declined, the FY 2025 combined collections increased \$6.1 million or 24.1 percent. Based on year-to-date collection trends in FY 2026, Deed of Conveyance tax is projected to decline 8.0 percent, while Recordation tax is anticipated to be flat with the actual FY 2025 level. FY 2027 combined receipts are projected to increase 2.0 percent.



Consumer Utility Taxes

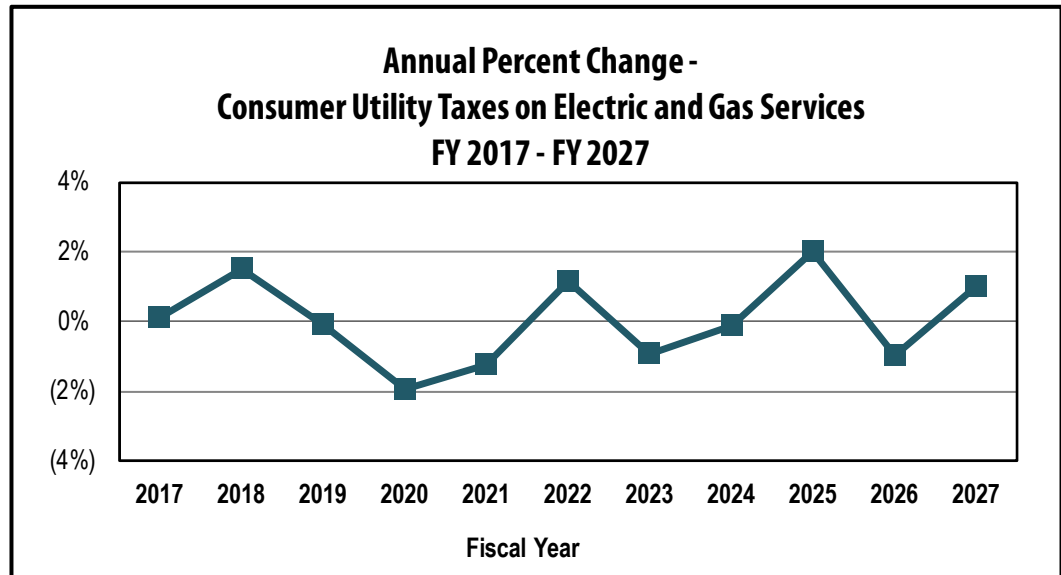
CONSUMER UTILITY TAXES - GAS AND ELECTRIC

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$45,314,733	\$44,880,523	\$44,880,523	\$45,329,328	\$448,805	1.0%

The FY 2027 Advertised Budget Plan estimate for Consumer Utility Taxes on gas and electric services of \$45,329,328 reflects an increase of \$448,805 or 1.0 percent over the *FY 2026 Revised*

General Fund Revenue Overview

Budget Plan. The FY 2027 estimate is comprised of \$35,810,718 in taxes on electric service and \$9,518,610 in taxes on gas service. County residents and businesses are subject to Consumer Utility Taxes based on their consumption of electricity and gas services.



Revenues from Consumer Utility Taxes on gas and electric services from FY 2017 to FY 2024 declined at an average annual rate of just 0.2 percent. FY 2025 receipts rebounded and increased 2.0 percent. For FY 2026, a decline of 1.0 percent is projected based on year-to-date collection trends. FY 2027 receipts are projected to increase 1.0 percent.

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 2027	Natural Gas Customer Class	Monthly Tax FY 2001-FY 2027
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

Vehicle Registration License Fee

VEHICLE REGISTRATION LICENSE FEE

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$27,337,191	\$27,951,236	\$27,951,236	\$28,370,505	\$419,269	1.5%

The FY 2027 Advertised Budget Plan estimate for Vehicle Registration Fee revenue of \$28,370,505 reflects an increase of \$419,269 or 1.5 percent over the FY 2026 Revised Budget Plan. 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. 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 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$26,366,888	\$39,093,030	\$39,093,030	\$33,229,075	(\$5,863,955)	(15.0%)

The FY 2027 Advertised Budget Plan estimate for Transient Occupancy Tax (TOT) of \$33,229,075 reflects a decrease of \$5,863,955 or 15.0 percent from the FY 2026 Revised Budget Plan. The decrease is the result of directing a portion of TOT revenue to Fund 10030, Contributions.

From FY 2017 through FY 2019, average annual growth in Transient Occupancy receipts was just 0.7 percent. Actual FY 2020 receipts declined 31.2 percent due to the impact of the COVID-19 pandemic, followed by another decline of 57.9 percent in FY 2021. FY 2022 collections partially recovered and increased 135.8 percent compared to FY 2021. However, the FY 2022 level was still well below the pre-pandemic collections, as business travel was slow to recover. FY 2023 collections continued to have a robust recovery, increasing a strong 42.2 percent compared to FY 2022 and bringing the collections back to near pre-pandemic level. Actual FY 2024 receipts increased 12.1 percent, surpassing the pre-pandemic collection levels, primarily as a result of higher hotel average daily rates (ADR) and higher hotel occupancy. Actual FY 2025 collections increased 5.7 percent over the previous year.

In FY 2026, TOT receipts are projected to increase 48.3 percent, which is primarily associated with a 2-percentage point increase in the FY 2026 TOT tax rate from 4 percent to 6 percent approved by the Board of Supervisors. Transient Occupancy Taxes are charged as part of a hotel bill and remitted by the hotel to the County. The Transient Occupancy Tax had 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. Based on state legislation enacted during the 2020 General Assembly session, the County was granted additional taxing authority, as the

General Fund Revenue Overview

legislation removed the rate ceiling for the Transient Occupancy Tax rate for counties in Virginia. Rates between 2 and 5 percent are required to be earmarked for tourism promotion, but there is no restriction on the use of funds at a tax rate above 5 percent. As a result of the approved TOT tax rate adjustment, revenue associated with the first additional percentage point is designated for tourism initiatives that could attract travelers to Fairfax County, increase occupancy at lodging properties, and generate tourism revenues in the County. The Board of Supervisors requested that hospitality industry representatives collaborate with Visit Fairfax to develop a proposed outline for the optimal use of these reserved funds. This proposal was presented in the fall of 2025 and the Board of Supervisors is expected to take action on the allocation of the funding as part of the *FY 2026 Third Quarter Review*. In FY 2027, the projected TOT revenue from the additional percentage point designated for tourism in the amount of \$6,645,815 will be directly posted in and expended from Fund 10030, Contributions. Baseline FY 2027 TOT revenues remaining in the General Fund are projected to increase 2.0 percent over the FY 2026 level.

Cigarette Tax

CIGARETTE TAX

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$5,043,615	\$4,903,596	\$4,903,596	\$4,658,416	(\$245,180)	(5.0%)

The FY 2027 Advertised Budget Plan estimate for Cigarette Tax of \$4,658,416 reflects a decrease of \$245,180 or 5.0 percent from the *FY 2026 Revised Budget Plan*.

As part of the FY 2025 Adopted Budget Plan, the Board of Supervisors approved an increase in the cigarette tax rate from 30 cents per pack to 40 cents per pack. This is the maximum rate that counties are allowed to levy in Virginia. Actual FY 2025 Cigarette Tax revenue increased 25.1 percent over the FY 2024 level primarily as a result of the new higher tax rate. In FY 2026, collections are anticipated to resume their historical trend and are projected to decline 2.8 percent, followed by a decline of 5.0 percent in FY 2027.

Permits, Fees and Regulatory Licenses

PERMITS, FEES AND REGULATORY LICENSES

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$11,031,357	\$12,985,962	\$12,985,962	\$13,496,929	\$510,967	3.9%

The FY 2027 Advertised Budget Plan estimate for Permits, Fees, and Regulatory Licenses of \$13,496,929 reflects an increase of \$510,967 or 3.9 percent over the *FY 2026 Revised Budget Plan*. As part of the FY 2025 Adopted Budget Plan, the Board of Supervisors approved fee adjustments and made the decision to phase them in over a two-year period, with the first one effective July 1, 2024 (FY 2025), followed by another one effective July 1, 2025 (FY 2026). For FY 2027, staff is proposing another fee adjustment to partially offset increasing expenditures and to keep up with cost recovery targets. The proposed fee adjustments will account for continuing cost increases as reflected in the Consumer Price Index and as a result of funded employee compensation increases.

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A revenue increase of \$0.5 million is included in the FY 2027 Advertised Budget Plan. On average, Zoning fees are proposed to be increased by 5.0 percent in FY 2027. The Fire Marshal fees and Fire Prevention Code permits are also proposed to be increased by 5.0 percent in FY 2027. It should be noted that prior to the FY 2025/FY 2026 adjustments, Zoning fees had not been comprehensively adjusted since 2011, and the last time the Fire Prevention Code Permits and Fire Marshal fees were adjusted was in 2015.

The *FY 2026 Revised Budget Plan* estimate for Permits, Fees, and Regulatory Licenses of \$12,985,962 reflects no changes from the FY 2026 Adopted Budget Plan estimate based on actual FY 2025 receipts and collection trends year-to-date in FY 2026.

Fines and Forfeitures

FINES AND FORFEITURES

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$9,175,729	\$9,214,101	\$9,231,642	\$9,412,284	\$180,642	2.0%

The FY 2027 Advertised Budget Plan estimate for Fines and Forfeitures of \$9,412,284 reflects an increase of \$180,642 or 2.0 percent over the *FY 2026 Revised Budget Plan* primarily as a result of projected growth in Parking Violations and Photo Enforcement fines.

During the fall 2025 revenue review, a number of revenue estimates were adjusted based on FY 2025 actual receipts and year-to-date collection trends in FY 2026. General District Court Fines revenue was reduced by \$262,067 to the same level collected in FY 2025, while the estimate for Parking Violations was increased by \$451,556, reflecting an increase of 18.7 percent over the FY 2025 level.

Investment Interest

INVESTMENT INTEREST

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$190,696,546	\$150,370,000	\$166,300,000	\$150,370,000	(\$15,930,000)	(9.6%)

The FY 2027 Advertised Budget Plan estimate for Investment Interest of \$150,370,000 reflects a decrease of \$15,930,000 or 9.6 percent from the *FY 2026 Revised 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.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. In the face of the coronavirus crisis, the Federal Reserve implemented two emergency rate cuts in the beginning of March 2020 and took the benchmark interest rate to near zero. The Fed's actions negatively impacted the earnings that the County generated on its portfolio investments. General Fund Investment Interest revenue in FY 2021 declined by \$41.1 million, or 64.2 percent, from the FY 2020

level and the average yield was 0.72 percent. FY 2022 revenue declined another 25.1 percent and was \$17.2 million with an average yield of just 0.48 percent.

In 2022, the Fed pivoted toward tighter monetary policy in the face of persistently high inflation and tight labor market and raised the Fed funds rate at an unprecedented pace reaching a target range of 5.25-5.50 percent by summer 2023, the highest level since early 2001. As a result of these actions, the County generated substantially higher Investment Interest earnings on its portfolio in FY 2023, earning \$116.3 million with a yield of 3.03 percent, which was an increase of \$99.1 million compared to FY 2022. The actual FY 2024 Investment Interest revenue increased almost \$58 million to \$174.1 million compared to the FY 2023 level as a result of continued tight monetary policy by the Federal Reserve, which maintained the Fed funds rate unchanged from August 2023 to September 2024. The FY 2024 average investment portfolio of \$5,124.9 million earned a yield of 4.33 percent.

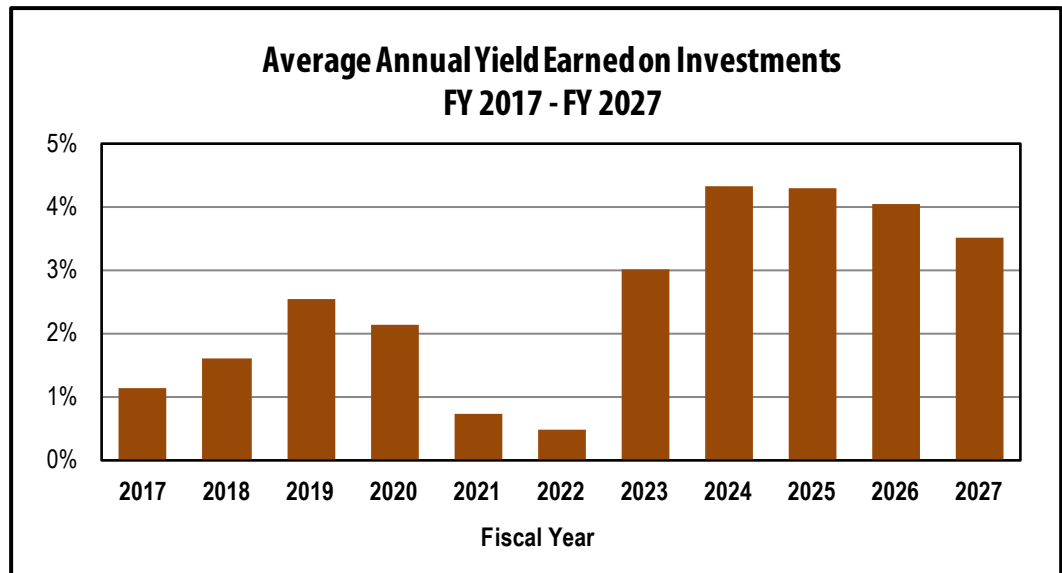
With moderating inflation, the Federal Reserve trimmed rates three times starting in September 2024, bringing the target range down to 4.25-4.5 percent. In January 2025, the Fed left its benchmark rate unchanged, choosing to take a wait-and-see approach to the new White House administration's potentially inflationary economic policies and as inflation was still above the Federal Reserve Board's target rate of 2 percent. The actual FY 2025 average portfolio of \$5,343.1 million earned a yield of 4.47 percent. The General Fund's average interest allocation of total interest earned on the investment portfolio net of administrative fees was 83.6 percent. FY 2025 Investment Interest revenue increased more than \$16.5 million to \$190.7 million compared to the FY 2024 level as a result of continued tight monetary policy by the Federal Reserve.

Throughout 2025, the Fed maintained the Fed funds rate unchanged for longer than initially anticipated and did not cut rates until September 2025. This rate cut was followed by two more rate cuts in October and December. As a result, the FY 2026 estimate was increased by \$15.9 million to \$166.3 million during the fall 2025 revenue review based on a projected average yield of 4.06 percent. Any further adjustments to the FY 2026 projected average yield and revenue will be included in the *FY 2026 Third Quarter Review*.

The Federal Reserve kept its benchmark interest rate unchanged at 3.50–3.75 percent target range at its January 2026 meeting. The market is predicting the current target rate to remain in place until at least June 2026. The projected FY 2027 Investment Interest revenue of \$150.4 million assumes an average annual yield of 3.50 percent and a General Fund percentage net of administrative fees of 82 percent. All available resources are pooled for investment purposes and the net interest earned is distributed among the various County funds, based on the average dollars invested from each fund as a percentage of the total pooled investment.

The following table shows the yield earned on investments since FY 2017.

General Fund Revenue Overview



Charges for Services

CHARGES FOR SERVICES

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$72,641,370	\$71,808,877	\$74,584,336	\$78,104,347	\$3,520,011	4.7%

The FY 2027 Advertised Budget Plan estimate for Charges for Services revenue of \$78,104,347 reflects an increase of \$3,520,011 or 4.7 percent over the *FY 2026 Revised Budget Plan*. This increase is primarily the result of proposed rate increases in Emergency Medical Services (EMS) Transport fees, Adult Day Health Care Centers fees, the Employee Child Care Center fees, as well as the implementation of a new Middle School After School Program fee.

As a result of a review of County fees and charges, EMS transport rates are recommended to be adjusted in FY 2027. The current rates were last adjusted in FY 2024. Basic Life Support (BLS) transport is recommended to increase from \$750 to \$850; Advanced Life Support 1 (ALS-1) transport from \$950 to \$1,075; Advanced Life Support 2 (ALS-2) transport from \$1,175 to \$1,325; and the current charge of \$18 per mile transported is recommended to increase to \$20 per mile transported. It should be noted that 96 percent of EMS Transport fees are paid by insurance companies, and Fairfax County continues to have a compassionate billing policy. The proposed EMS Transport fee increases are estimated to generate an additional \$1.8 million in FY 2027.

Other administrative fees are also proposed for adjustments in FY 2027, including the Adult Day Health Care Centers fees and the Employee Child Care Center fees, expected to generate a revenue increase of \$47,000 and \$0.5 million respectively. In addition, Fairfax County Public Schools (FCPS) will implement a new Middle School After School (MSAS) Program fee for the upcoming school year and will remit all revenue to the County. In FY 2028, once baseline revenues are established, FCPS will begin collecting the revenue directly and the County will reduce the transfer to FCPS accordingly. The new MSAS fee is estimated to generate \$1.1 million in FY 2027.

General Fund Revenue Overview

Partially offsetting these revenue increases is a net decrease of \$0.2 million in Health Department fees associated with the elimination of the Hearing and Speech program and the redesign of the Clinical Services Delivery model.

During the *FY 2025 Carryover Review* and the fall 2025 revenue review, the FY 2026 estimate for Charges for Services was increased a net \$2.8 million. The SACC fees estimate was increased by \$0.7 million as a result of the implementation of the Beyond the Bell pilot program which is expected to increase the capacity to serve more children. In addition, the EMS transport fee revenue estimate was increased by \$1.5 million based on actual FY 2025 receipts and year-to-date collection trends in FY 2026. The County Clerk fee revenue estimate was increased by \$0.2 million, and the Library Lost or Damage fee revenue estimate was also increased by \$0.2 million based on collection trends.

Recovered Costs/Other Revenue

RECOVERED COSTS / OTHER REVENUE

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$21,643,708	\$21,234,575	\$21,602,154	\$21,767,157	\$165,003	0.8%

The FY 2027 Advertised Budget Plan estimate for Recovered Costs/Other Revenue of \$21,767,157 reflects an increase of \$165,003 or 0.8 percent over the *FY 2026 Revised Budget Plan*. The increase is primarily associated with the projected billings for the City of Fairfax Shared Governmental Expenses and Public Assistance reimbursements in FY 2027. Partially offsetting the increase is a reduction of \$41,260 in advertising revenue from the Golden Gazette, which will now offer only a digital ad-free version.

During the fall 2025 revenue review, the estimate for Recovered Costs/Other Revenue was increased a net \$0.4 million over the FY 2026 Adopted Budget Plan estimate. The projected FY 2026 Public Assistance recovered cost revenue associated with reimbursements from City and Fairfax and City of Falls Church was increased by \$0.6 million. Partially offsetting the increase was a decrease of \$0.3 million due to adjusting the estimate for the City of Fairfax Shared Governmental Expenses reimbursement as a result of the reconciliation of the City's share of expenses based on actual utilization and expenses during FY 2025.

Revenue from the Commonwealth/Federal Government

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

FY 2025 Actual	FY 2026 Adopted	FY 2026 Revised	FY 2027 Advertised	Increase/ (Decrease)	Percent Change
\$174,680,809	\$167,673,630	\$170,495,618	\$168,285,012	(\$2,210,606)	(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 2027 Advertised Budget Plan estimate for Revenue from the Commonwealth and Federal Government of \$168,285,012 reflects a net decrease of \$2,210,606 or 1.3 percent from the *FY 2026 Revised Budget Plan*. The decrease is primarily associated with an anticipated \$6.7 million reduction

in state and federal revenue in FY 2027 as a result of federal changes to the administrative cost share for the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps). In addition, a \$1.1 million reduction in the Children's Services Act (CSA) state revenue is a result of aligning the Department of Family Services CSA budget with actual spending.

Partially offsetting the decrease is an increase of \$1.0 million as a result of projected Compensation Board state reimbursements for constitutional officers and their employees and state supported local employees, based on a 2 percent compensation increase, effective July 1, 2026, and a \$3.5 million baseline increase in the Department of Family Services Federal and Federal Pass-through revenue based on prior year actuals. In addition, an increase of \$0.7 million is associated with reimbursement revenue for contract rate increases for the providers of mandated and non-mandated services.

Additional revenue adjustments as a result of state budget actions will be considered as part of the Add-on package in April 2026 for inclusion in the County's FY 2027 Adopted Budget Plan.

The *FY 2026 Revised Budget Plan* estimate for Revenue from the Commonwealth and Federal Government was increased by \$2.8 million over the FY 2026 Adopted Budget Plan estimate as a result of adjustments made during the *FY 2025 Carryover Review* and as part of the fall 2025 revenue review. An increase of \$1.0 million is associated with additional state and federal reimbursement funding to address workload increases due to changes in state requirements, state program changes, and increased demand for mandated services. In addition, a net increase of \$1.7 million is primarily associated with Compensation Board reimbursement state revenue based on the actual level of revenue received in FY 2025.