

*Fairfax County, Virginia*



***LINES OF BUSINESS***

*March, 2016*

**DEPARTMENT OF TAX ADMINISTRATION  
(DTA)**

*County Lines of Business (LOBs)  
Presentation to the Board of Supervisors*





# DTA History

- Merged by the Board in 1995, combining the Office of Assessments with part of the Office of Finance
- Created “One Stop Shopping” experience where citizens can address all tax issues.
- Improved customer service, communication, responsiveness and agility in support of County taxpayers.





County of Fairfax, VA - Lines of Business  
March 8, 2016



## DTA's Vision

# Generating Revenue Fairly



## Mission

**To uniformly and efficiently assess and collect County revenue, provide high quality customer service and promote an empowered, well-informed community.**

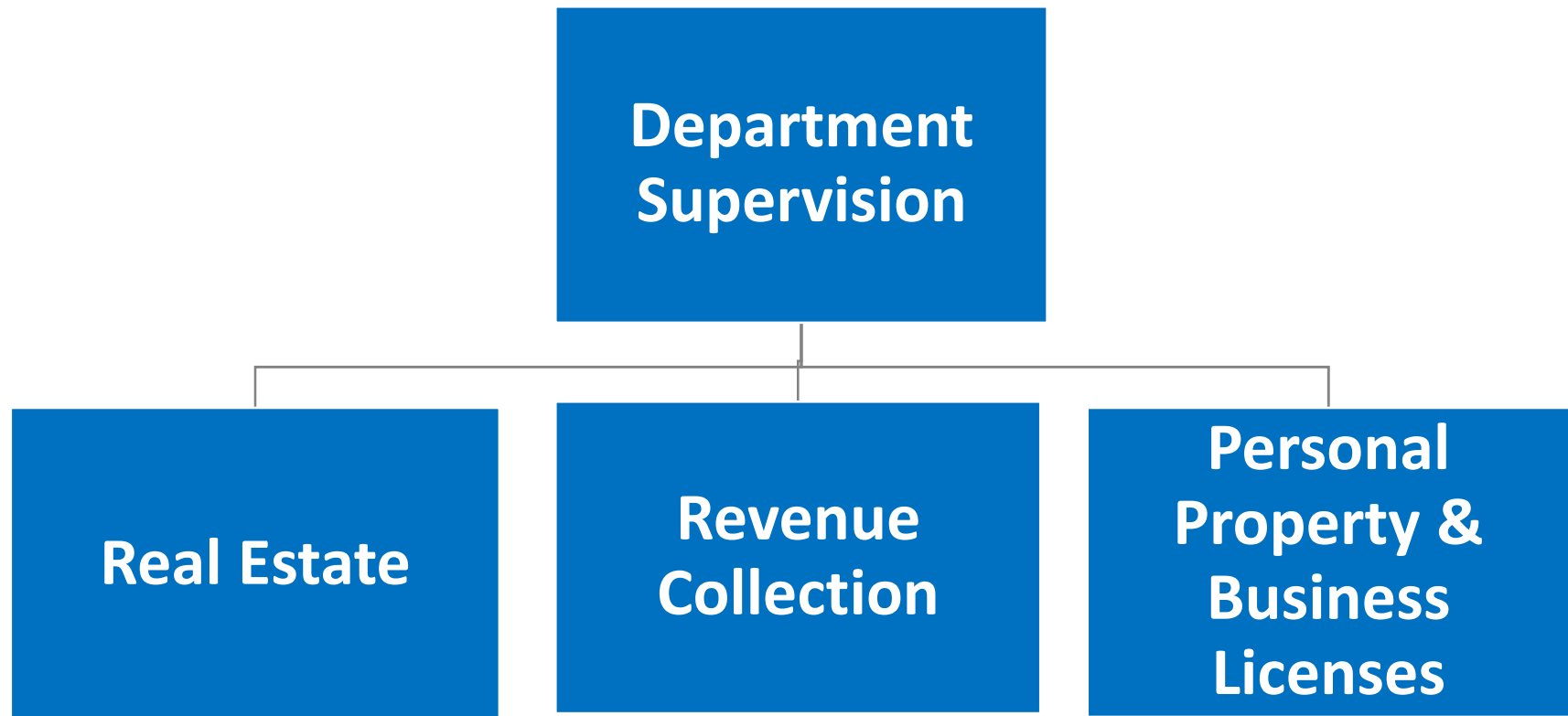


## **DTA is committed to our Vision of Generating Revenue Fairly as seen by our **Department Values:****

- Excellence in what we do and pride in who we are
- Lead by Example
- Take ownership of customer needs
- Better service through innovation
- Promote teamwork among a diverse workforce and community to achieve mutual success; and
- Honesty and integrity in public service!



# Organizational Overview







# DEPARTMENT RESOURCES

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
<b>FUNDING</b>			
<b><u>Expenditures:</u></b>			
Compensation	\$16,668,410	\$17,106,369	\$17,954,235
Operating Expenses	6,147,616	5,981,136	5,665,489
<b>Total Expenditures</b>	<b>\$22,816,026</b>	<b>\$23,087,505</b>	<b>\$23,619,724</b>
<b>General Fund Revenue</b>	<b>\$3,822,144</b>	<b>\$3,830,313</b>	<b>\$3,849,185</b>
<b>Net Cost/(Savings) to General Fund</b>	<b>\$18,993,882</b>	<b>\$19,257,192</b>	<b>\$19,770,539</b>
<b>POSITIONS</b>			
<b>Authorized Positions/Full-Time Equivalents (FTEs)</b>			
<b><u>Positions:</u></b>			
Regular	283 / 283	283 / 283	283 / 283
<b>Total Positions</b>	<b>283 / 283</b>	<b>283 / 283</b>	<b>283 / 283</b>



<b>#99</b> <b>Department</b> <b>Supervision and</b> <b>Fiscal Control</b>	<b>#100</b> <b>Tax Relief for Seniors</b> <b>and People with</b> <b>Disabilities</b>	<b>#101</b> <b>Real Estate</b> <b>Assessment -</b> <b>Residential</b>	<b>#102</b> <b>Real Estate</b> <b>Assessment -</b> <b>Commercial</b>
<b>#103</b> <b>Real Estate Records</b> <b>Management</b>	<b>#104</b> <b>Vehicle Assessments</b>	<b>#105</b> <b>Vehicle Tax Discovery</b> <b>and Compliance</b>	<b>#106</b> <b>Central Telephones</b> <b>and Central Files</b>
<b>#107</b> <b>Business Discovery</b> <b>and Audit - Personal</b> <b>Property and BPOL</b> <b>(Business,</b> <b>Professional, and</b> <b>Occupational</b> <b>Licenses)</b>	<b>#108</b> <b>Delinquent Tax</b> <b>Collections</b>	<b>#109</b> <b>Billing and Tax</b> <b>Reconciliation</b>	<b>#110</b> <b>Cashiering</b>



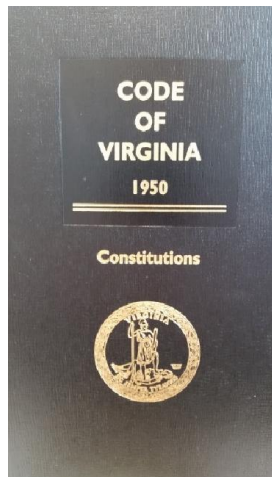


# LOBs SUMMARY TABLE

LOB #	LOB Title	FY 2016 Adopted	
		Disbursements	Positions
99	Department Supervision and Fiscal Control	\$497,665	5
100	Tax Relief for Seniors and People with Disabilities	485,170	5
101	Real Estate Assessment - Residential	4,408,451	55
102	Real Estate Assessment - Commercial	2,448,243	28
103	Real Estate Records Management	1,690,420	27
104	Vehicle Assessments	2,321,933	23
105	Vehicle Tax Discovery and Compliance	725,979	13
106	Central Telephones and Central Files	1,659,551	23
107	Business Discovery and Audit - Personal Property and BPOL (Business, Professional, and Occupational Licenses)	3,202,201	43
108	Delinquent Tax Collections	1,550,639	26
109	Billing and Tax Reconciliation	3,379,038	21
110	Cashiering	1,250,434	14
<b>Total</b>		<b>\$23,619,724</b>	<b>283</b>




## DEPARTMENT SUPERVISION & FISCAL CONTROL – LOB # 99



- DTA's Director has constitutional and statutory duties as the County Assessor and Tax Collector
- Provides management, planning, resource allocation, and Adjudication for all DTA tax programs
- Responsible for \$3.4 billion, or 86% of all General Fund revenue
- Oversees revenue forecasting, analysis and legislation
- Focused on quality customer service, transparency and communication
- State Compensation Board, Northern Virginia Cigarette Tax Board



## **SUPERVISION & FISCAL CONTROL - LOB # 99 - Metrics**

					
	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)
<b>E-Commerce Transactions</b>	<b>407,256</b>	<b>420,509</b>	<b>438,848</b>	<b>461,000</b>	<b>485,000</b>
<b>Requests/Inquiries (emails, letters, forms)</b>	<b>166,244</b>	<b>187,175</b>	<b>185,868</b>	<b>187,000</b>	<b>187,000</b>
<b>Average Customer Rating of DTA Walk- In Service (4.0 scale)</b>	<b>3.8</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>4.0</b>



## **TAX RELIEF FOR SENIORS & PEOPLE WITH DISABILITIES - LOB # 100**

- Board of Supervisors established Tax Relief by ordinance for seniors at least 65 years old, or individuals permanently and totally disabled
- Net assets up to \$340,000; relief graduated based on gross income:

\$52,000 or Less.....	100 %	(For Real Estate only;
\$52,001 - \$62,000.....	50 %	lower thresholds for Car
\$62,001 - \$72,000.....	25 %	Tax and Rental Grants)
- Board has local flexibility. State no longer sets income/asset limits.  
Current program relieves \$28 million in Real Estate Tax
- Outreach efforts provided throughout the community, such as at senior centers, libraries, churches, and some home visits
- Customer Service Outreach efforts also provided at Board Offices



Tax Relief Workshops



## **TAX RELIEF PROGRAMS:**

**Real Estate Tax Relief**


**Personal Property Tax Relief**

**Tax Relief for Renters**

County of Fairfax, VA - Lines of Business  
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## Tax Relief - LOB # 100 - Metrics

	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)
Applications Processed	9,475	8,922	9,353	9,400	9,400
Requests/Inquiries (emails, letters, forms)	22,990	22,003	23,003	23,600	23,600
In-Person Service (walk-ins, outreach)	2,964	5,892	5,258	5,400	5,400
Average Customer Service Rating	3.8	4.0	4.0	4.0	4.0






## **REAL ESTATE ASSESSMENT (RESIDENTIAL) - LOB # 101**

- Real Estate = 65% of General Fund Revenue; 75% of tax base is residential
- Just over 342,000 residential parcels valued at \$175 billion
- 52 residential appraisal staff, or about 6,588 parcels per appraiser
- Residential principally valued by sales market and cost analysis
- Equalization & Growth; Uniformity & Fair Market Value
- Calendar Cycle: Tax roll released in February, appeals through May; BOE starts June 1, sales analysis through January to set next year's assessment
- Front-line customer service to taxpayers



## Real Estate Assessment (Residential) - LOB # 101 - [Metrics](#)

	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)
<b>Residential Tax Base (billions)</b>	<b>\$148.3</b>	<b>\$154.1</b>	<b>\$165.0</b>	<b>\$171.4</b>	<b>\$175.2</b>
<b>Residential Equalization %</b>	<b>0.71%</b>	<b>3.50%</b>	<b>6.54%</b>	<b>3.39%</b>	<b>1.64%</b>
<b>Assessment-to-Sale Ratio</b>	<b>92.67%</b>	<b>93.54%</b>	<b>93.59%</b>	<b>93.88%</b>	<b>94.84%</b>
<b>Coefficient of Dispersion (COD)</b>	<b>4.27%</b>	<b>4.01%</b>	<b>3.84%</b>	<b>3.54%</b>	<b>3.51%</b>
<b>Appeals/BOE Cases</b>	<b>819</b>	<b>724</b>	<b>963</b>	<b>900</b>	<b>900</b>




## **REAL ESTATE ASSESSMENT (COMMERCIAL) - LOB # 102**

- Tax base is 18.89% Commercial & Industrial; 6.04% multi-family apartments
- Just over 11,000 commercial parcels valued at \$58 billion
- 25 commercial appraisal staff, or about 445 parcels per appraiser
- May include multiple commercial entities per parcel
- Office buildings comprise almost 38% of commercial base
- Valued by capitalizing net operating income (rents, expenses, vacancy)
- Annual rent roll and expense surveys analyzed
- External data utilized (Co-Star and expert consultant analysis of cap rates)
- Litigious arena



# Real Estate Assessment (Commercial) - LOB # 102 - [Metrics](#)

	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)	
	Commercial Tax Base (billions)	\$52.0	\$53.0	\$54.0	\$55.2	\$58.2
	Commercial Equalization %	8.21%	0.14%	-0.10%	-0.60%	2.87%
	Assessment-to-Sale Ratio	93.36%	92.14%	92.90%	92.41%	94.00%
	Coefficient of Dispersion (COD)	7.49%	9.47%	8.03%	6.22%	7.00%
	Appeals/BOE’s	506	461	491	502	525



## **REAL ESTATE RECORDS – LOB # 103**

- Accurate records management for over 360,000 taxable & tax exempt parcels
- Input and validation of all property transfers and data changes
- Input of commercial income and expense survey data
- Manage Disabled Vets & KIA Surviving Spouse exemption programs
- Data verification for annual land book, mass production of annual notices
- BOE staff support. Front-line customer service. Phone expansion capacity
- Community dependent on timely & accurate online Real Estate data

## Real Estate Records Management - LOB # 103 - Metrics

<small>** NEW NOTICE OF REAL ESTATE ADJUDICATORY CHARGE - THIS IS NOT A TAX BILL **</small>		<small>2013 Assessed Value of Property:</small>		<small>2014 Assessed Value of Property:</small>		<small>2015 Assessed Value of Property:</small>					
<b>Total:</b> \$496,790		<b>Total:</b> \$537,970		<b>Total:</b> \$536,610							
<small>Percent Total Change: 0.14%</small>		<small>Percent Total Change: 0.20%</small>		<small>Percent Total Change: 1.40%</small>							
<small>Use increased and decreased between land and building values:</small>		<small>Use increased and decreased between land and building values:</small>		<small>Use increased and decreased between land and building values:</small>							
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<small>Building:</small>	<small>\$243,790</small>	<small>Building:</small>	<small>\$289,970</small>	<small>Building:</small>	<small>\$296,610</small>						
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<small>Building:</small>	<small>\$243,790</small>	<small>Building:</small>	<small>\$289,970</small>	<small>Building:</small>	<small>\$296,610</small>						
<small>Percent Total Change: 0.14%</small>		<small>Percent Total Change: 0.2</small>									






## **VEHICLE ASSESSMENTS (and Dog Tags) – LOB # 104**

- Assess 1 million vehicles per year normally parked in County; Jan. 1 values
- Almost \$452 m. in General Fund revenue from tax & local registration fees
- Includes \$211.3 m. State Car Tax Subsidy (62% personal use on 1<sup>st</sup> \$20,000)
- Value by NADA pricing guide; Automated DMV matching; monthly proration
- Must register with County in 60 days of move-in or purchase (10% penalty)
- Front-line customer service; (information, waivers, account adjustments)
- Nearly 90,000 annual Dog Licenses and monthly rabies certificates



## Vehicle Assessments – LOB # 104 - METRICS

	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)
<b>Vehicles Assessed</b>	<b>1,040,936</b>	<b>1,043,768</b>	<b>1,048,244</b>	<b>1,053,000</b>	<b>1,057,000</b>
<b>Tax Levy/Registration Fees (millions)</b>	<b>\$425</b>	<b>\$431</b>	<b>\$445</b>	<b>\$450</b>	<b>\$454</b>
<b>% of Vehicles Purchase/Sold/Moved</b>	<b>20.1%</b>	<b>20.7%</b>	<b>20.6%</b>	<b>20.6%</b>	<b>20.6%</b>
<b>Dog Licenses Issued</b>	<b>89,487</b>	<b>89,309</b>	<b>88,364</b>	<b>88,864</b>	<b>88,864</b>





## **VEHICLE TAX DISCOVERY & COMPLIANCE – LOB #105-a**

### **DISCOVERY**

- Program TARGET seeks to identify & assess vehicle Tax Evaders (not exempt)
- Cars with Out-of-State plates normally garaged in the County; Online tips
- Tips received from the public and by staff (Sheriff/Police/DTA)
- Identify vehicle make/model/year, owner and confirm taxable nexus
- Research DMV, Income Taxes, VEC records & proprietary data bases
- Very labor Intensive but productive, ensures Due Process & Tax Equity
- Tax, fees, No Plate Tax & Penalty adds \$1.8 m. revenue annually
- Board's legislative initiative to strengthen No Plate Penalty approved




## **VEHICLE TAX DISCOVERY & COMPLIANCE – LOB #105-b**

### **COMPLIANCE**

- Only personal use vehicles allowed to receive State Car Tax Subsidy
- Business use vehicles ineligible
- Owners may register car as personal use, then claim IRS deduction
- State provides DTA with Schedule C Business Expense forms
- Staff audits to find vehicles claiming more than 50% business mileage
- Subsidy withdrawn and supplemental bills issued
- Though tedious, ensures compliance with the law
- Maximizes revenue, adding about \$600,000 per year in revenue



## Vehicle Tax Discovery & Compliance – LOB # 105 - [METRICS](#)

					
	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)
Tax Evader Assessments	4,562	3,332	3,901	4,200	4,500
Tax Levy	\$1,309,385	\$1,005,730	\$1,902,029	\$1,700,000	\$1,800,000
Car Tax Audits	799	1,360	4,013	3,500	3,500
Additional Tax Levy	\$188,464	\$275,936	\$865,168	\$600,000	\$600,000




## **CENTRAL TELEPHONES & CENTRAL FILES – LOB # 106**

- DTA's main customer service call center – often first impression of DTA
- Supports “**One Stop Shopping**” (cross-trained to prorate bills, adjust accounts)
- Answers over 260,000 calls per year (87% answer rate)
- 89% of answered calls have average wait time of 3 minutes
- Peak workload spikes supported by 40,000 call expansion capacity in DTA
- Central Files maintains over 1 million records per year, retained for 6 years
- Central Files distributes all mail, forms, applications, payments within DTA





## Central Telephones & Central Files – LOB # 106 - [METRICS](#)

					
	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)
<b>Phone Calls Answered in Main Call Center</b>	<b>291,897</b>	<b>265,628</b>	<b>264,675</b>	<b>264,587</b>	<b>261,984</b>
<b>Average Wait Time on Phone (minutes : seconds)</b>	<b>4:09</b>	<b>3:42</b>	<b>3:12</b>	<b>3:10</b>	<b>3:05</b>




## **BUSINESS DISCOVERY & AUDIT – PERSONAL PROPERTY & BPOL (BUSINESS, PROFESSIONAL, & OCCUPATIONAL LICENSES) - LOB # 107**

- Responsible for BPOL and Business Personal Property taxation
- Almost \$340 million in General Fund revenue from over 40,000 businesses
- Field staff ensure all businesses operating in County are properly assessed
- Staff conducts desk audits and complicated classification & appeal reviews
- Litigious arena with appeals to State Tax Commissioner & Circuit Court
- Administers Transient Occupancy Tax, Bank Franchise, Short Term Daily Rental



## Business Discovery & Audit – Business Personal Property & BPOL - LOB # 107 - [METRICS](#)

	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)
# of New Business Discoveries	2,711	4,445	2,085	2,400	2,400
Tax Levy from Discovery Assessments	\$6,935,095	\$9,905,649	\$7,628,481	\$7,800,000	\$7,800,000
% of Business Returns Audited	13.90%	13.75%	12.12%	13.26%	13.26%




## **DELINQUENT TAX COLLECTIONS - LOB # 108**

- Collection of delinquent taxes, over \$30 million annual revenue
- During 1<sup>st</sup> 90 days of delinquency DTA mails delinquent bills, penalties
- After 90 days, delinquencies outsourced to private agents (20% fee)
- Bank & wage liens, Set-Off Debt, property seizure, DMV Holds, auctions
- All statutory actions reviewed & authorized by DTA; Payment plans
- Front-line customer service, phone expansion capacity
- Since FY 2012 DTA has assisted in Non-Tax collection using same process
- Examples include Grass Mowing fees, SACC Fees, CSB Fees



## Delinquent Tax Collections - LOB # 108 - [Metrics](#)



	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)
<b>Delinquent Tax Collections</b>	<b>\$21,806,706</b>	<b>\$25,850,282</b>	<b>\$27,883,663</b>	<b>\$27,900,000</b>	<b>\$27,900,000</b>
<b>Non-Tax Collections</b>	<b>\$339,390</b>	<b>\$1,997,000</b>	<b>\$2,298,629</b>	<b>\$2,300,000</b>	<b>\$2,300,000</b>
<b>Real Estate— Current</b>	<b>99.71%</b>	<b>99.74%</b>	<b>99.77%</b>	<b>99.70%</b>	<b>99.70%</b>
<b>Pers. Prop. - Current</b>	<b>98.35%</b>	<b>97.35%</b>	<b>98.35%</b>	<b>98.00%</b>	<b>98.00%</b>
<b>BPOL - Current</b>	<b>98.50%</b>	<b>95.64%</b>	<b>97.57%</b>	<b>98.50%</b>	<b>98.50%</b>
<b>Phone Calls Answered</b>	<b>9,213</b>	<b>8,384</b>	<b>8,354</b>	<b>8,351</b>	<b>8,269</b>




## **BILLING AND TAX RECONCILIATION - LOB # 109**

- Accurate and timely production of 1.9 million tax bills per year
- Mass mailing according to statutory deadlines
- Receipt of funds, secure cash management
- Ensure correct posting of all payments to each appropriate taxpayer
- Front-line customer service to research & reconcile accounts
- Daily deposits electronically via bank imaging software
- Interface/reconcile \$3 b. in revenue between tax systems & FOCUS
- Maintain financial audit trail and documentation for external audit





## **Billing and Tax Reconciliation - LOB # 109 - Metrics**

					
	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)
<b>Tax Bills Delivered</b>	<b>1,904,231</b>	<b>1,881,416</b>	<b>1,901,740</b>	<b>1,901,740</b>	<b>1,901,740</b>
<b>E-Commerce Activity</b>	<b>407,256</b>	<b>420,509</b>	<b>438,848</b>	<b>461,000</b>	<b>485,000</b>
<b>Transactions (FOCUS journal entries, account adjustments)</b>	<b>--</b>	<b>--</b>	<b>44,718</b>	<b>45,000</b>	<b>45,000</b>



## **CASHIERING - LOB # 110**

- Full service Cashier Counter provides in-person assistance
- Important for cash payments; complicated problems; multi-lingual
- All payment types accepted (cash, credit card, debit card, checks)
- Provides exception mail payment processing (otherwise bank lockbox)
- Supports “[One Stop Shopping](#),” staff cross-trained to assess & collect
- Decentralized options also provided (Global Express, Pay-At-Bank)
- Automated debit, installments, online payment options, E-Check, IVR
- Backbone of SMILES program (Express Counters, teamwork)
- Front-line customer service, phone expansion capacity



## Cashiering - LOB # 110 - Metrics

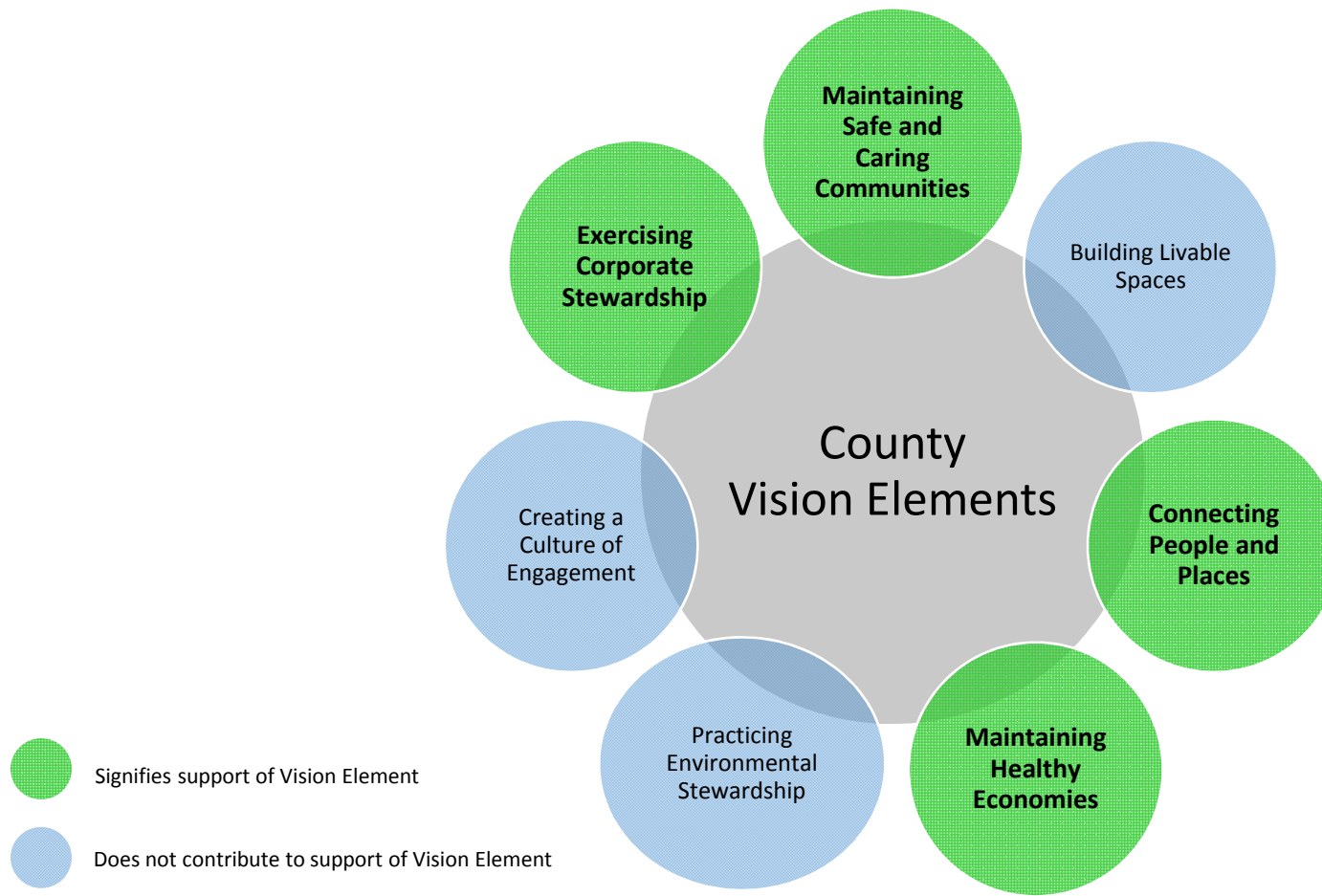


	FY 2013	FY 2014	FY 2015	FY 2016 (Est.)	FY 2017 (Est.)
Walk-in Transactions	74,748	73,078	75,363	75,400	75,400
Mail Payment Transactions	253,724	232,767	169,268	169,300	169,300
Phone Calls Answered	25,253	22,980	22,898	22,890	22,665
Average Customer Rating (4.0 scale)	3.8	3.9	3.9	3.9	4.0



# COUNTY VISION ELEMENTS

- The purpose of the LOBs process and the validation process performed by staff and management is to array the relevance of all LOBs according to the County's Vision Elements. Our LOBs support:





# Trends and Challenges

- **Resource Demands:** Complexity of Mixed Use, High Density Urbanization results in more commercial buildings, retail structures, and residential units to be appraised and taxed



- **Streamlining Manual TARGET Research:** Currently working with LexisNexis to develop Batch Process for Identifying Out-of-State vehicles in bulk. Also reviewing Data Analytics pilot



LexisNexis™



- **Automated Matching to DMV:** Vehicles purchased or Moved-In to the County must locally register with DTA in 60 days, or else pay 10% penalty. DTA is already notified by DMV and sends a courtesy reminder letter. As customer service initiative, DTA could instead automatically file for the taxpayer and avoid the penalty. Customer service enhancement would entail ordinance change & significant cost, \$1.9 million revenue



- **Succession Planning:** 25% of DTA staff eligible to retire in next fiscal year; 43% in next 5 years. DTA focused on training; Management Development Program (MDP); underfill agreements; recruitment



## Looking Forward

- New Assessor/Tax Collector in FY 2017
- Strong management team, solid bench strength in each division
- Good morale and dedicated, hardworking public servants, team spirit
- Migrating to a new Personal Property & BPOL computer system in FY 2017
- Easier to use, web based features, poised for DIT to enhance functionality
- May allow greater interface with collection agents' systems
- Secure web portal , **MyFairfax** <http://www.fairfaxcounty.gov/dta/>
  - Allows taxpayers to access personal payment and account history
  - Positions DTA to offer Electronic Billing (postage, records management)
  - SB 690 (Petersen), enables DTA to send other tax notices & forms electronically
- Potentially billing/collecting local registration fees for Towns (Herndon)





# Discussion

