

SUMMARY OF GENERAL FUND REVENUE

SUMMARY OF GENERAL FUND REVENUE AND TRANSFERS IN

Category	FY 2019 Actual	FY 2020 Revised Budget Plan as of FY 2019 Carryover	FY 2020 Fall Estimate ¹	FY 2020 Third Quarter Budget Estimate	Change from the FY 2020 Fall Estimate	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes -						
Current & Delinquent	\$2,796,959,177	\$2,890,593,420	\$2,894,699,521	\$2,894,699,521	\$0	0.00%
Personal Property Taxes -						
Current & Delinquent ²	633,140,857	640,494,857	648,813,426	648,813,426	0	0.00%
Other Local Taxes	528,245,784	537,425,572	544,268,928	544,268,928	0	0.00%
Permits, Fees and Regulatory Licenses	55,874,600	54,809,013	54,872,084	55,556,374	684,290	1.25%
Fines and Forfeitures	12,258,740	12,583,545	11,795,664	11,795,664	0	0.00%
Revenue from Use of Money/Property	71,181,118	82,283,249	60,896,621	60,896,621	0	0.00%
Charges for Services	85,476,153	83,305,683	86,396,338	86,396,338	0	0.00%
Revenue from the Commonwealth and Federal Government ²	140,078,106	141,329,537	142,321,103	142,471,103	150,000	0.11%
Recovered Costs/ Other Revenue	18,610,536	16,934,540	15,695,731	15,745,731	50,000	0.32%
Total Revenue	\$4,341,825,071	\$4,459,759,416	\$4,459,759,416	\$4,460,643,706	\$884,290	0.02%
Transfers In	10,173,319	9,081,414	9,081,414	9,081,414	0	0.00%
Total Receipts	\$4,351,998,390	\$4,468,840,830	\$4,468,840,830	\$4,469,725,120	\$884,290	0.02%

¹ FY 2020 revenue estimates were increased a net \$2.6 million as part of the *FY 2019 Carryover Review* and the fall 2019 review of revenues. Explanations of these changes can be found in the following narrative.

² The portion of the Personal Property Tax reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 is included in the Personal Property Tax category for the purpose of discussion in this section.

Total receipts, including Transfers In, are estimated at \$4,469,725,120 and reflect an increase of \$884,290 over the FY 2020 fall estimate. This increase is the result of revenue from Land Development Services Building and Inspection fees based on strong collections to-date, Revenue from the Commonwealth to reimburse County's expenses associated with the March 2020 primary election, and Recovered Costs revenue. The increase is partially offset by a decrease in state and federal reimbursement revenue received for the Adoption Subsidy Program based on actual experience. As noted in the FY 2021 Advertised Budget Plan, FY 2020 revenue estimates were increased a net \$2.6 million as part of the *FY 2019 Carryover Review* and a fall 2019 revenue review prior to the Third Quarter Review during the development of the FY 2021 budget. These adjustments were based on actual FY 2019 receipts and collections through the first several months of FY 2020. Revenue changes made during the fall revenue review are discussed throughout this Attachment. Any impact to FY 2021 revenue estimates from these FY 2020 fall adjustments is already included in the FY 2021 Advertised Budget Plan.

These revenue estimates are based on revenue collections through the end of February 2020, before the COVID-19 pandemic started disrupting economic activity nationwide. The coronavirus has rapidly escalated, with school closures and event cancellations. Consumers are being asked to stay home to combat

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the virus's spread. Current economic turmoil makes revenue forecasting very difficult. When the Federal Reserve convened an emergency meeting on March 15 to evaluate the economic situation, it opted not to release traditional economic projections because the economic outlook is changing so rapidly. There is the potential of a severe but short-lived economic disruption, which will likely push the economy into contraction in the second quarter of 2020. However, a more prolonged economic recession is also possible, should the pandemic last for months and is not successfully contained.

Many of the County's revenue categories are extremely sensitive to economic conditions and there is the potential that actual FY 2020 receipts may deviate from the revenue estimates included in this Attachment. Of immediate concern are Sales Tax receipts and Transient Occupancy Taxes; however, many other County revenues such as Deed of Conveyance and Recordation Taxes and charges and fee revenue for County services will likely be negatively impacted as well. All revenue categories will be closely monitored with respect to collections and the effects of changes in economic activity. Additionally, Land Development Services' building permits and inspection fees, which are increased slightly in this package based on activity to-date, will be closely observed. Any necessary FY 2020 and FY 2021 revenue adjustments will be included in the Add-On Review package.

REAL ESTATE TAX-CURRENT

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$2,786,854,901	\$2,881,632,405	\$2,884,588,506	\$2,884,588,506	\$0	0.0%

The *FY 2020 Third Quarter Review* estimate for Current Real Estate Tax of \$2,884,588,506 reflects no change from the FY 2020 fall estimate. During the fall 2019 revenue review, the FY 2020 Real Estate Tax estimate was increased a net \$3.0 million as a result of higher than projected supplemental assessments and Public Service Corporation tax levy, as well as lower than expected exonerations and tax relief.

PERSONAL PROPERTY TAX-CURRENT

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$616,124,197	\$625,254,378	\$631,672,947	\$631,672,947	\$0	0.0%

The *FY 2020 Third Quarter Review* estimate for Current Personal Property Taxes of \$631,672,947 reflects no change from the FY 2020 fall estimate and represents an increase of 2.5 percent over the FY 2019 level. During the fall 2019 revenue review, the FY 2020 Personal Property Tax estimate was increased a net \$6.4 million as a result of higher than projected vehicle and business levy.

LOCAL SALES TAX

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$187,037,828	\$193,194,909	\$197,708,570	\$197,708,570	\$0	0.0%

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The *FY 2020 Third Quarter Review* estimate for Sales Tax of \$197,708,570 reflects no change from the FY 2020 fall estimate and represents an increase of 5.7 percent over the FY 2019 level. During the fall 2019 revenue review, the FY 2020 estimate for Sales Tax receipts was increased \$4.5 million based on year-to-date FY 2020 collections, which were up 6.4 percent through December. It is likely that a significant part of the increase is due to a new law passed by the Virginia General Assembly and signed by the Governor 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. The law went into effect on July 1. FY 2020 Sales Tax receipts through February, representing retail sales through December, are up 6.2 percent. No change in the FY 2020 Sales Tax estimate is being made during the Third Quarter Review; however, this is a revenue category that is very sensitive to economic conditions and actual receipts at year-end could be lower than currently projected as a result of disruptions due to the COVID-19 pandemic.

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$167,155,844	\$173,382,796	\$172,125,305	\$172,125,305	\$0	0.0%

The *FY 2020 Third Quarter Review* estimate for Business, Professional and Occupational License (BPOL) Taxes of \$172,125,305 reflects no change from the FY 2020 fall estimate. Based on actual FY 2019 receipts, which were slightly lower than projected, the FY 2020 BPOL estimate was decreased \$1.3 million from the FY 2020 Adopted Budget Plan level during the fall 2019 revenue review. Receipts are expected to increase 3.0 percent in FY 2020, the same rate as the one experienced in FY 2019. Since County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, little actual data is available at this time to help estimate FY 2020 receipts. Therefore, the FY 2020 BPOL estimate has not been adjusted further during the Third Quarter review.

RECORDATION/DEED OF CONVEYANCE TAXES

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$30,729,364	\$28,488,338	\$34,471,875	\$34,471,875	\$0	0.0%

The *FY 2020 Third Quarter Review* estimate for Deed of Conveyance and Recordation Taxes of \$34,471,875 represents no change from the FY 2020 fall estimate. Recordation and Deed of Conveyance Taxes are paid when homes are sold. Recordation taxes are also paid when homes are refinanced. Through the first half of FY 2020, combined receipts were up over 60 percent as a result of sharply lower mortgage interest rates, which spurred a significant increase in refinancing activity. The FY 2020 estimate was increased \$6.0 million as part of the fall 2019 revenue review. Through the end of February, collections are up 29.5 percent; however, some flattening might occur in the coming months as a result of the current economic disruption due to the COVID-19 pandemic.

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CIGARETTE TAX

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$5,787,235	\$5,916,915	\$5,477,039	\$5,477,039	\$0	0.0%

The *FY 2020 Third Quarter Review* estimate for Cigarette Tax of \$5,477,039 represents no change from the FY 2020 fall estimate. During the fall 2019 revenue review, the FY 2020 estimate was decreased \$0.4 million, reflecting a projected decline of 5.4 percent from the prior year, based on actual receipts during FY 2019 and collection trends during FY 2020. Cigarette Tax receipts fell for a seventh consecutive year, decreasing 11.0 percent in FY 2019.

COMMUNICATIONS SALES AND USE TAX

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$6,911,547	\$5,399,506	\$3,492,634	\$3,492,634	\$0	0.0%

The *FY 2020 Third Quarter Review* estimate for the Communication Sales and Use Tax of \$3,492,634 represents no change from the FY 2020 fall estimate. Based on actual receipts during FY 2019 and collection trends, the FY 2020 estimate was reduced \$1.9 million as part of the fall 2019 revenue review.

TRANSIENT OCCUPANCY TAX

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$22,918,266	\$23,249,668	\$23,491,223	\$23,491,223	\$0	0.0%

The *FY 2020 Third Quarter Review* estimate for Transient Occupancy Tax of \$23,491,223 represents no change from the FY 2020 fall estimate. Based on actual receipts during FY 2019 and collection trends, the FY 2020 estimate was increased \$0.2 million as part of the fall 2019 revenue review, reflecting an increase of 2.5 percent over the FY 2019 level. No adjustment to this revenue category is recommended based on revenue collections through the end of February, which are up 4.1 percent. However, this is a revenue category that is very sensitive to economic conditions and actual receipts at year-end could be lower than currently projected as a result of disruptions in the hospitality industry due to the COVID-19 pandemic.

PERMITS, FEES AND REGULATORY LICENSES

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$55,874,600	\$54,809,013	\$54,872,084	\$55,556,374	\$684,290	1.2%

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The *FY 2020 Third Quarter Review* estimate for Permits, Fees and Regulatory Licenses of \$55,556,374 reflects an increase of \$684,290, or 1.2 percent, over the FY 2020 fall estimate. This increase is the result of anticipated higher revenue from Land Development Services (LDS) Building and Inspection fees due to increased site plan and building permit activity in the County through the end of February. It should be noted that the increase in LDS fee revenue is offset by a corresponding expenditure increase, for no net impact to the General Fund. Staff will closely monitor building permit and inspection activity and associated revenues in the remainder of the fiscal year for potential COVID-19 impacts.

During the fall 2019 revenue review, various permit and fees were reviewed and, based on actual FY 2019 receipts and collection trends, FY 2020 estimates were increased a net \$0.1 million.

INVESTMENT INTEREST

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$69,032,333	\$80,017,523	\$58,630,895	\$58,630,895	\$0	0.0%

The *FY 2020 Third Quarter Review* estimate for Investment Interest of \$58,630,895 represents no change from the FY 2020 fall estimate. This revenue category required a substantial adjustment during the fall 2019 revenue review of FY 2020 estimates. At the time of the preparation of the FY 2020 Adopted Budget Plan revenue estimate, the Fed had indicated that two interest rate hikes were possible in 2019. Staff expected that the annual yield on the investment portfolio would be 3.00 percent in FY 2020. The Federal Reserve did not raise rates, but reversed course and actually reduced rates three times, bringing the target rate to 1.50-1.75 percent range. Based on the actions of the Fed, the FY 2020 revenue estimate was decreased a total of \$21.4 million. The FY 2020 estimate assumes a yield of 2.16 percent.

In the beginning of March, the Fed implemented two emergency rate cuts and took the benchmark interest rate to near zero. Since the central bank began announcing its rate moves in 1994, the Fed has never moved to cut interest rates on two separate occasions in between scheduled meetings. Staff will closely monitor Investment Interest revenue for potential adjustment as part of the Add-on Review package.

CHARGES FOR SERVICES

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$85,476,153	\$83,305,683	\$86,396,338	\$86,396,338	\$0	0.0%

The *FY 2020 Third Quarter Review* estimate for Charges for Services of \$86,396,338 represents no change from the FY 2020 fall estimate. During the fall 2019 revenue review, the FY 2020 Charges for Services estimate was increased a net \$3.1 million primarily due to higher projected School Age Child Care (SACC) fee revenue based on prior year actual receipts and year-to-date collection trends. Staff will closely monitor SACC revenues in the remainder of the fiscal year for potential COVID-19 impacts and school closures.

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FINES AND FORFEITURES

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$12,258,740	\$12,583,545	\$11,795,664	\$11,795,664	\$0	0.0%

The *FY 2020 Third Quarter Review* estimate for Fines and Forfeitures of \$11,795,664 represents no change from the FY 2020 fall estimate. During the fall 2019 revenue review, the FY 2020 estimate was decreased a net \$0.8 million. The decrease is primarily the result of adjusting the estimate for General District Court fines, as well as Parking Violations revenue based on actual FY 2019 receipts and year-to-date collection trends in FY 2020. Staff will closely monitor Fines and Forfeitures revenues in the remainder of the fiscal year for potential COVID-19 impacts resulting from the status of County's courts.

RECOVERED COSTS / OTHER REVENUE

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$18,610,536	\$16,934,540	\$15,695,731	\$15,745,731	\$50,000	0.3%

The *FY 2020 Third Quarter Review* estimate for Recovered Costs/Other Revenue of \$15,745,731 reflects an increase of \$50,000, or 0.3 percent, over the FY 2020 fall estimate. This increase is associated with the Unsolicited Public-Private Education Facilities and Infrastructures Act (PPEA) Fee revenue received in conjunction with the Fairfax Peak Project to address costs associated with evaluation of the proposal. The revenue increase is completely offset by an expenditure increase for no net impact to the General Fund.

During the fall 2019 revenue review, the revenue estimate for Recovered Costs/Other Revenue was decreased a net \$1.2 million from the FY 2020 Adopted Budget Plan estimate. The decrease is associated with adjusting the estimate for the City of Fairfax Shared Governmental Expenses reimbursement, which was reduced \$1.2 million as a result of the reconciliation of the City's share of expenses based on actual utilization and expenses during FY 2019.

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

FY 2019 Actual	FY 2020 Revised as of FY 2019 Carryover	FY 2020 Fall Estimate	FY 2020 Thrd Quarter Estimate	Increase/ (Decrease)	Percent Change
\$140,078,106	\$141,329,537	\$142,321,103	\$142,471,103	\$150,000	0.1%

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 2020 Third Quarter Review* estimate for Revenue from the Commonwealth and Federal Government of \$142,471,103 reflects a net increase of \$150,000, or 0.1 percent, over the FY 2020 fall estimate. This increase is associated with revenue from the state of \$500,000 to reimburse County's expenses related to the March 2020 primary election. The increase is partially offset by a decrease of \$350,000 in state and federal reimbursement revenue received for the Adoption Subsidy Program based on actual experience.

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Prior to the Third Quarter adjustment, the estimate for Revenue from the Commonwealth and Federal Government was increased \$2.3 million over the FY 2020 Adopted Budget Plan estimate as a result of adjustments made during the *FY 2019 Carryover Review* and the fall 2019 revenue review. The *FY 2019 Carryover Review* included an increase of \$1.3 million associated with state and federal reimbursement funding for additional positions in the Public Assistance program. The positions will continue to address the increase in caseloads and compliance issues in the Adult and Aging Division and the Self-Sufficiency Division within the Department of Family Services. The revenue increase is fully offset by an expenditure increase for no net impact to the General Fund.

During the fall 2019 review, the salary reimbursements from the Commonwealth for the Sheriff's Office, the Department of Tax Administration, the Department of Finance, and the Commonwealth's Attorney were increased a net \$0.3 million based on actual FY 2019 experience and FY 2020 year-to-date collections. In addition, the state reimbursement for the County's Health Department was increased \$0.1 million based on the approved amount in the Commonwealth's budget. An increase of \$0.8 million in Revenue from the Federal Government is associated with actual federal funding received in FY 2020 for the Criminal Alien Assistance Program.