

SUMMARY OF GENERAL FUND REVENUE

SUMMARY OF GENERAL FUND REVENUE AND TRANSFERS IN

Category	FY 2020 Actual	FY 2021 Revised Budget Plan as of FY 2020 Carryover	FY 2021 Mid-Year Estimate ¹	FY 2021 Third Quarter Budget Estimate	Change from the FY 2021 Mid-Year Estimate	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes -						
Current & Delinquent	\$2,898,128,734	\$2,999,403,837	\$2,999,403,837	\$3,003,122,258	\$3,718,421	0.12%
Personal Property Taxes -						
Current & Delinquent ²	652,982,429	631,243,511	631,243,511	642,442,012	11,198,501	1.77%
Other Local Taxes	535,816,255	489,100,905	505,274,909	513,208,713	7,933,804	1.57%
Permits, Fees and Regulatory Licenses	54,002,649	49,642,908	49,642,908	50,227,871	584,963	1.18%
Fines and Forfeitures	10,001,169	11,795,664	7,934,518	5,354,518	(2,580,000)	-32.52%
Revenue from Use of Money/Property	66,201,313	24,257,799	24,257,799	24,257,799	0	0.00%
Charges for Services	70,109,331	83,119,246	56,526,667	32,818,852	(23,707,815)	-41.94%
Revenue from the Commonwealth and Federal Government ²	344,430,212	142,528,874	142,528,874	140,721,441	(1,807,433)	-1.27%
Recovered Costs/ Other Revenue	15,486,984	16,234,444	15,526,944	14,441,507	(1,085,437)	-6.99%
Total Revenue	\$4,647,159,076	\$4,447,327,188	\$4,432,339,967	\$4,426,594,971	(\$5,744,996)	-0.13%
Transfers In	9,081,414	8,707,781	8,707,781	8,707,781	0	0.00%
Total Receipts	\$4,656,240,490	\$4,456,034,969	\$4,441,047,748	\$4,435,302,752	(\$5,744,996)	-0.13%

¹ FY 2021 revenue estimates were reduced a net \$24.9 million as part of the *FY 2020 Carryover Review* and the *FY 2021 Mid-Year Review*.

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

Total receipts, including Transfers In, are estimated at \$4,435,302,752 and reflect a net decrease of \$5,744,996 from the FY 2021 Mid-Year estimate. This decrease is primarily the result of a \$23.7 million decrease in Charges for Services, \$2.6 million decrease in Fines and Forfeitures, \$1.8 million decrease in Revenue from the Commonwealth and Federal Government and \$1.1 million decrease in Recovered Costs, partially offset by a net increase of \$11.2 million in Personal Property Taxes, \$7.9 million increase in Other Local Taxes, \$3.7 million increase in Real Estate Taxes, and \$0.6 million increase in Permits and Fees revenue.

At the adoption of the FY 2021 budget, staff noted that due to the uncertainties regarding how long the COVID-19 health crisis would continue and the extent of its impact on County revenues, right-sizing the budget estimates would be an iterative process throughout the fiscal year. FY 2021 revenue estimates were decreased a net \$9.9 million as part of the *FY 2020 Carryover Review* and another \$15.0 million as part of the *FY 2021 Mid-Year Review*. These adjustments were based on actual FY 2020 receipts and collections through the first several months of FY 2021.

SUMMARY OF GENERAL FUND REVENUE

The FY 2021 Third Quarter revenue estimates are based on revenue collections through the end of February 2021. As noted above, FY 2021 revenues are recommended to be reduced by \$5.7 million, or 0.1 percent, as part of the *FY 2021 Third Quarter Review*. By far the largest reduction – \$19.0 million – is associated with School-Age Child Care (SACC) revenues. The Mid-Year estimate already had included a 50 percent cut in anticipated revenues in this category as the SACC program was impacted by Fairfax County Public Schools (FCPS) decision to provide all virtual learning in the fall in response to the pandemic. Although SACC was temporarily replaced by the Supporting Return to School (SRS) program, this program operates at a limited number of FCPS sites and has generated significantly less revenue year-to-date. After reducing the Mid-Year estimate by \$9.5 million, a further reduction of \$0.6 million is included for Transient Occupancy Tax, as hotel revenues continue to be severely impacted. Other revenue categories recommended for reductions include General District Court fines, Parking Fines, Health Department fee revenue, as well as many other charges and fees as a result of continued program closures and lower levels of activity across the County.

Partially offsetting these revenue reductions are recommended increases in several revenue categories, some of which were already increased during the Mid-Year Review and have continued to perform well. The Recordation tax estimate is recommended to be increased by \$5.9 million based on a strong residential real estate market and refinancings driven by record low mortgage rates. Sales Tax collections have also tracked slightly ahead of the budget estimate and are recommended to be increased by \$2.1 million. As part of the FY 2021 adopted budget, staff had anticipated that the Business Personal Property Tax levy would be down 3.0 percent as a result of the negative impact of COVID-19. Based on actual filings, however, the business levy is in fact up and the estimate for Current Personal Property Tax is adjusted upward by \$5.7 million. Year-to-date collections of delinquent Real Estate, Personal Property and Business, Professional, and Occupational License (BPOL) taxes are also tracking ahead of the budget estimate and are recommended to be increased by a combined \$9.6 million.

Because many revenue categories are sensitive to economic conditions, there is the potential that actual receipts may deviate from the revenue estimates included in this Attachment. It should be noted that little information is available concerning Current BPOL Taxes, since filings and payments are not due until March 1, with additional time required to process returns. All revenue categories are closely monitored with respect to collections and the effects of changes in economic activity. Any necessary FY 2021 and FY 2022 revenue adjustments will be included in the Add-On Review package.

REAL ESTATE TAX-CURRENT

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$2,886,967,804	\$2,991,964,451	\$2,991,964,451	\$2,995,087,872	\$3,123,421	0.1%

The *FY 2021 Third Quarter Review* estimate for Current Real Estate Tax of \$2,995,087,872 reflects an increase of \$3,123,421 or 0.1 percent over the FY 2021 Mid-Year estimate. As a result of the Mosaic District bond refunding this fiscal year, a \$2.8 million in savings is available and could be retained in the General Fund. In addition, \$0.3 million is associated with a higher than projected Public Service Corporation tax levy.

SUMMARY OF GENERAL FUND REVENUE

REAL ESTATE TAX-DELINQUENT

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$11,160,930	\$7,439,386	\$7,439,386	\$8,034,386	\$595,000	8.0%

The *FY 2021 Third Quarter Review* estimate for Delinquent Real Estate Taxes of \$8,034,386 reflects an increase of \$595,000 or 8.0 percent over the FY 2021 Mid-Year estimate and represents a decrease of 28.0 percent from the FY 2020 level. The revised estimate increase is based on actual collections year-to-date. It should be noted that as part of the *FY 2020 Carryover Review* in July the estimate was reduced by \$2.7 million associated with the Board's decision to reduce penalties for late payment of Real Estate taxes for tax year 2020 in response to the COVID-19 pandemic.

PERSONAL PROPERTY TAX-CURRENT

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$634,830,423	\$622,197,853	\$622,197,853	\$627,896,354	\$5,698,501	0.9%

The *FY 2021 Third Quarter Review* estimate for Current Personal Property Taxes of \$627,896,354 reflects an increase of \$5,698,501 or 0.9 percent over the FY 2021 Mid-Year estimate and represents a decrease of 1.1 percent from the FY 2020 level. The revised estimate increase is primarily the result of higher than projected business levy based on actual filings, as well as higher Public Service Corporation tax levy.

PERSONAL PROPERTY TAX-DELINQUENT

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$18,152,006	\$9,045,658	\$9,045,658	\$14,545,658	\$5,500,000	60.8%

The *FY 2021 Third Quarter Review* estimate for Delinquent Personal Property Taxes of \$14,545,658 reflects an increase of \$5,500,000 or 60.8 percent over the FY 2021 Mid-Year estimate and represents a decrease of 19.9 percent from the FY 2020 level. The revised estimate increase is based on actual collections year-to-date. It should be noted that as part of the *FY 2020 Carryover Review* in July the estimate was reduced by \$8.1 million associated with the Board's decision to reduce penalties for late payment of Personal Property taxes for tax year 2020 in response to the COVID-19 pandemic.

SUMMARY OF GENERAL FUND REVENUE

LOCAL SALES TAX

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$191,092,140	\$171,031,788	\$194,350,951	\$196,489,268	\$2,138,317	1.1%

The *FY 2021 Third Quarter Review* estimate for Sales Tax of \$196,489,268 reflects an increase of \$2,138,317 or 1.1 percent over the FY 2021 Mid-Year estimate and represents an increase of 2.8 percent over the FY 2020 level. Staff had originally anticipated that Sales Tax revenues from retail sales would fall considerably, but they have held up well, in large part due to a pandemic-related shift towards online spending. As part of the *FY 2021 Mid-Year Review*, the Sales Tax estimate was increased \$23.3 million based on year-to-date FY 2021 collections, which were down only 0.8 percent through October. February receipts for purchases in December during the holiday season were up 1.8 percent. Combined collections since October have tracked slightly ahead of the budget estimate and it is recommended to be increased by \$2.1 million. It should be noted that in the last two months of FY 2020, June and July, Sales tax receipts declined 15.9 percent and 19.0 percent, respectively, due to the impact of the pandemic. Staff anticipates that FY 2021 collections during these months would be substantially higher than last year.

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$173,840,544	\$154,912,776	\$154,912,776	\$154,912,776	\$0	0.0%

The *FY 2021 Third Quarter Review* estimate for Business, Professional and Occupational License (BPOL) Taxes of \$154,912,776 reflects no change from the FY 2021 Mid-Year estimate and represents a decrease of 10.9 percent from the FY 2020 level. 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 2021 receipts for Current BPOL Tax. Therefore, the FY 2021 BPOL estimate has not been adjusted as part of the Third Quarter review. BPOL revenue this fiscal year is based on gross receipts of businesses generated during calendar year 2020 and is expected to be negatively impacted by the impact of COVID-19, as reflected in the projected decline of 10.9 percent compared to FY 2020. A major BPOL category that is expected to be negatively impacted is Retail Merchants, including restaurant sales. Other categories with expected declines include Amusements, Hotels and Motels, and Personal Service Occupations.

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-DELINQUENT

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$7,729,239	\$3,160,000	\$3,160,000	\$6,660,000	\$3,500,000	110.8%

The *FY 2021 Third Quarter Review* estimate for Delinquent BPOL Taxes of \$6,660,000 reflects an increase of \$3,500,000 or 110.8 percent over the FY 2021 Mid-Year estimate and represents a decrease of 13.8 percent from the FY 2020 level. The revised estimate increase is based on actual collections year-to-date.

FY 2021 Third Quarter Review

SUMMARY OF GENERAL FUND REVENUE

RECORDATION/DEED OF CONVEYANCE TAXES

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$38,648,450	\$31,212,155	\$35,376,957	\$41,238,640	\$5,861,683	16.6%

The *FY 2021 Third Quarter Review* estimate for Deed of Conveyance and Recordation Taxes of \$41,238,640 reflects an increase of \$5,861,683 or 16.6 percent over the FY 2021 Mid-Year 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 four months of FY 2021, combined receipts were up over 38 percent as a result of a strong residential real estate market and significant increase in refinancing activity driven by record low mortgage rates and the estimate was increased by \$4.2 million as part of the *FY 2021 Mid-Year Review*. Mortgage refinancing activity continued to be strong and through the end of February collections are up 33.5 percent. However, mortgage interest rates have been on the rise since the end of January and the 30-year fixed rate stands at its highest level since June 2020, reducing incentives for potential refinance borrowers. According to the Mortgage Bankers Association, for the week ending March 12, applications to refinance a home loan were down 39 percent compared to the same week a year ago. The revised staff estimate for Recordation Tax assumes that collections will decline through the end of the fiscal year.

CIGARETTE TAX

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$5,428,504	\$5,422,269	\$5,009,455	\$4,879,455	(\$130,000)	-2.6%

The *FY 2021 Third Quarter Review* estimate for Cigarette Tax of \$4,879,455 reflects a decrease of \$130,000 or 2.6 percent from the FY 2021 Mid-Year estimate and represents a decrease of 10.1 percent from the FY 2020 level. As part of the *FY 2021 Mid-Year Review*, the Cigarette Tax estimate was decreased \$0.4 million based on actual receipts in FY 2020 and year-to-date FY 2021 collection trends. Collections through the end of February are down more than initially projected and staff anticipates this trend to continue through the end of the fiscal year. Cigarette Tax receipts fell for the eight consecutive year, decreasing 6.2 percent in FY 2020.

COMMUNICATIONS SALES AND USE TAX

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$2,551,599	\$3,492,634	\$2,551,599	\$643,422	(\$1,908,177)	-74.8%

The *FY 2021 Third Quarter Review* estimate for the Communication Sales and Use Tax of \$643,422 reflects a decrease of \$1,908,177 or 74.8 percent from the FY 2021 Mid-Year estimate. Based on actual receipts and collection trends, the FY 2021 estimate was reduced \$0.9 million as part of the *FY 2021 Mid-Year Review* to the same level collected in FY 2020. Receipts have declined more than expected in the subsequent months.

SUMMARY OF GENERAL FUND REVENUE

TRANSIENT OCCUPANCY TAX

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$15,778,992	\$16,443,857	\$6,950,000	\$6,400,000	(\$550,000)	-7.9%

The *FY 2021 Third Quarter Review* estimate for Transient Occupancy Tax (TOT) of \$6,400,000 reflects a decrease of \$550,000 or 7.9 percent from the FY 2021 Mid-Year estimate and represents a decrease of 59.4 percent from the FY 2020 level. The TOT estimate was reduced by \$9.5 million as part of the *FY 2021 Mid-Year Review* based on year-to-date actual receipts through the end of October, which were down 66.8 percent. Collections since October have tracked slightly below the budget estimate and a reduction of \$0.6 million is recommended as part of the *FY 2021 Third Quarter Review*. Due to the impact of the COVID-19 pandemic, the U.S. hotel industry has reported significant year-over-year declines. Overall, hotel revenue is not expected to recover until at least mid-2021. It should be noted that the revised estimate reflects moderating declines in the last two months of the fiscal year.

CONSUMER UTILITY TAXES - GAS AND ELECTRIC

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$44,940,753	\$45,639,081	\$45,639,081	\$44,940,753	(\$698,328)	-1.5%

The *FY 2021 Third Quarter Review* estimate for the Consumer Utility Tax of \$44,940,753 reflects a decrease of \$698,328 or 1.5 percent from the FY 2021 Mid-Year estimate and represents no change from the FY 2020 actual level. FY 2021 receipts through the end of January are down 2.7 percent. It should be noted that FY 2020 collections slowed down in the last half of the fiscal year, likely due to the impact of COVID-19.

PERMITS, FEES AND REGULATORY LICENSES

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$54,002,649	\$49,642,908	\$49,642,908	\$50,227,871	\$584,963	1.2%

The *FY 2021 Third Quarter Review* estimate for Permits, Fees and Regulatory Licenses of \$50,227,871 reflects a net increase of \$584,963 or 1.2 percent over the FY 2021 Mid-Year estimate. This increase is the result of anticipated higher revenue of \$2.5 million from Land Development Services (LDS) Building and Inspection fees due to increased building permit activity in the County and higher elevator inspection licenses revenue 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.

Partially offsetting the revenue increase are reductions in Zoning Fee revenue, which is recommended to decrease by \$0.7 million, and Fire Marshal and Acceptance Test Overtime fees, which are reduced by \$1.2 million based on collection trends through the end of February.

SUMMARY OF GENERAL FUND REVENUE

CHARGES FOR SERVICES

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$70,109,331	\$83,119,246	\$56,526,667	\$32,818,852	(\$23,707,815)	-41.9%

The *FY 2021 Third Quarter Review* estimate for Charges for Services of \$32,818,852 reflects a decrease of \$23,707,815 or 41.9 percent from the FY 2021 Mid-Year estimate. By far the largest reduction – \$19.0 million – is associated with School-Age Child Care (SACC) revenues. The Mid-Year estimate already had included a 50 percent cut in anticipated revenues in this category as the SACC program was impacted by Fairfax County Public Schools (FCPS) decision to provide all virtual learning in the fall in response to the pandemic. Although SACC was temporarily replaced by the Supporting Return to School (SRS) program, this program operates at a limited number of FCPS sites and has generated significantly less revenue year-to-date.

Other Charges for Services revenue categories recommended for reductions include Health Department revenue from Adult Day Health Care fees, General Medical Clinical fees and Lab Services fees, which are reduced by a net \$2.7 million; Recreation fee revenue, which is further reduced by \$0.3 million after a \$1.6 million downward adjustment at Mid-Year; and Courthouse Maintenance and Security fee revenue, which is reduced by \$1.5 million. Revenue from many other charges and fees including Animal Shelter fees, Parking Garage fees, Library Overdue fees, Police Reimbursement fees, and Employee Child Care Center fees are reduced a net \$1.6 million as a result of program closures and lower levels of activity across the County.

Partially offsetting these reductions is a \$1.4 million increase in projected County Clerk fees based on actual collection trends year-to-date.

FINES AND FORFEITURES

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$10,001,169	\$11,795,664	\$7,934,518	\$5,354,518	(\$2,580,000)	-32.5%

The *FY 2021 Third Quarter Review* estimate for Fines and Forfeitures of \$5,354,518 reflects a decrease of \$2,580,000 or 32.5 percent from the FY 2021 Mid-Year estimate. The decrease is the result of adjusting the estimates for General District Court fines, Parking Violations revenue and the County Administrative fee for Collection of Delinquent Taxes based on year-to-date actual FY 2021 receipts. As indicated by the revised FY 2021 estimate, revenue from Fines and Forfeitures continues to be negatively impacted by the effects of COVID-19.

SUMMARY OF GENERAL FUND REVENUE

RECOVERED COSTS / OTHER REVENUE

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$15,486,984	\$16,234,444	\$15,526,944	\$14,441,507	(\$1,085,437)	-7.0%

The *FY 2021 Third Quarter Review* estimate for Recovered Costs/Other Revenue of \$14,441,507 reflects a decrease of \$1,085,437 or 7.0 percent from the FY 2021 Mid-Year estimate. This decrease is associated with lower state reimbursement for the Adult Detention Center, as well as lower Contract Rebate revenue that the County receives on office supply purchases.

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

FY 2020 Actual	FY 2021 Revised as of FY 2020 Carryover	FY 2021 Mid-Year Estimate	FY 2021 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$344,430,212	\$142,528,874	\$142,528,874	\$140,721,441	(\$1,807,433)	-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 2021 Third Quarter Review* estimate for Revenue from the Commonwealth and Federal Government of \$140,721,441 reflects a net decrease of \$1,807,433 or 1.3 percent from the FY 2021 Mid-Year estimate. This decrease is associated with a \$1.0 million decrease in state funding for mandated Children's Services Act services based on the projected FY 2021 costs, which are dependent on the number of youth served and the complexity of services provided. The revenue decrease is offset by a \$2.1 million expenditure decrease for a net savings of \$1.1 million to the General Fund. In addition, a reduction of \$0.9 million in Revenue from the Federal Government is associated with funding for the Criminal Alien Assistance Program, which has not been appropriated by the federal government and is not expected to be received by the County in this fiscal year.

Partially offsetting the revenue reductions is an increase of \$0.1 million associated with new positions for a new mobile unit to address increasing caseloads in Child Protective Services, for which the County will receive a reimbursement from the state. The revenue increase in state funding is fully offset by an increase in expenditures for no net impact to the General Fund.