

Revenue Overview

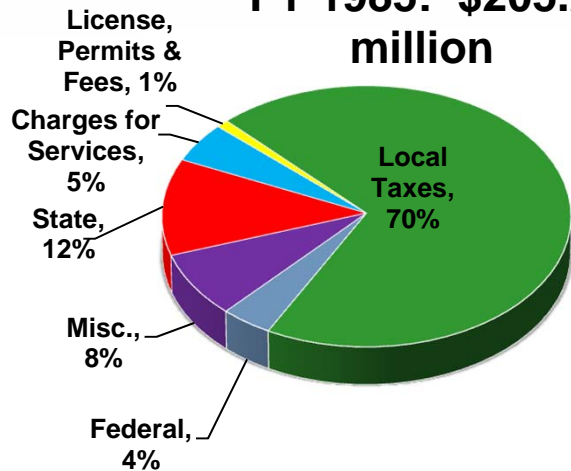
FY 2016 Proposed Budget



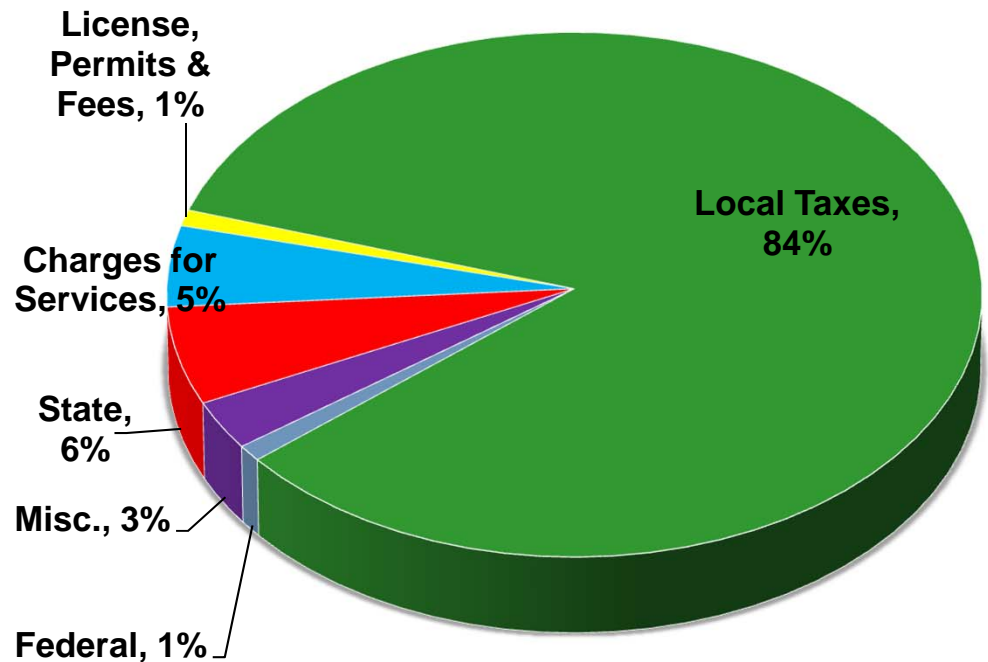
County Board Work Session – February 26, 2015

General Fund Revenue By Source

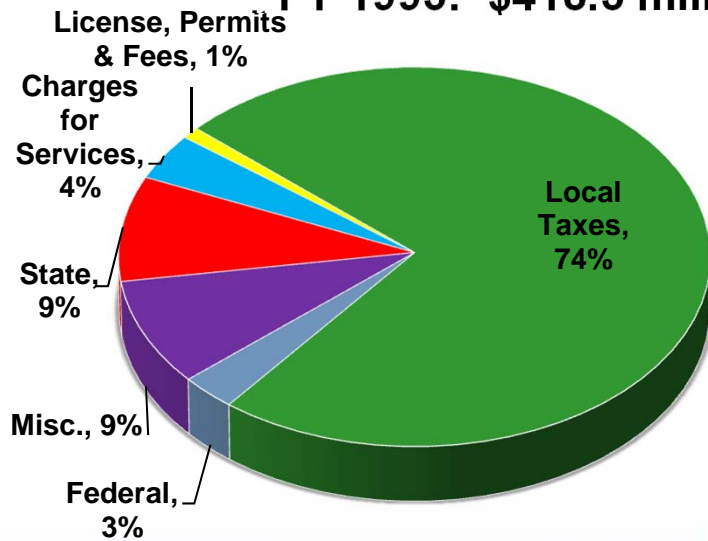
FY 1985: \$205.2 million



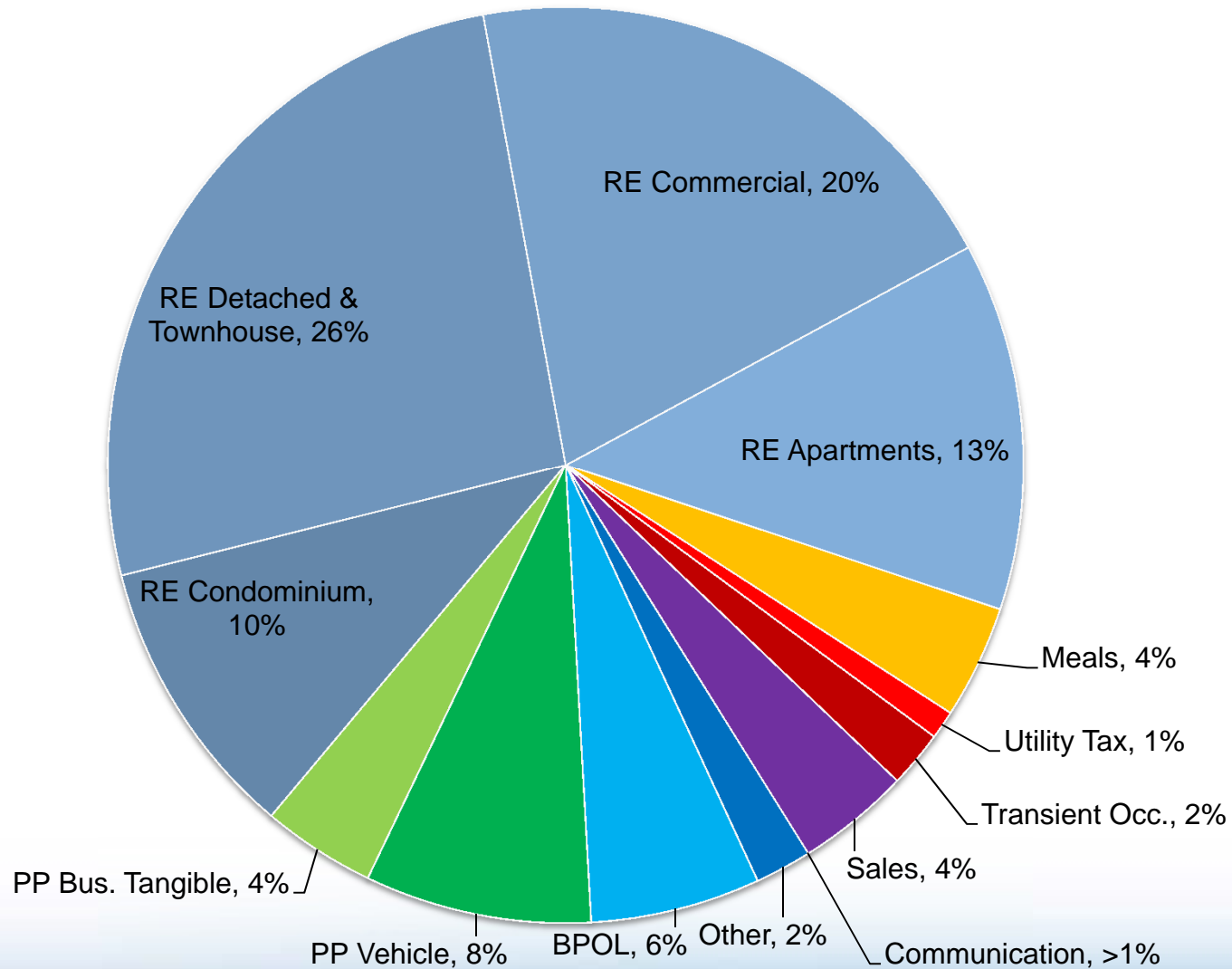
FY 2016: \$1.16 billion



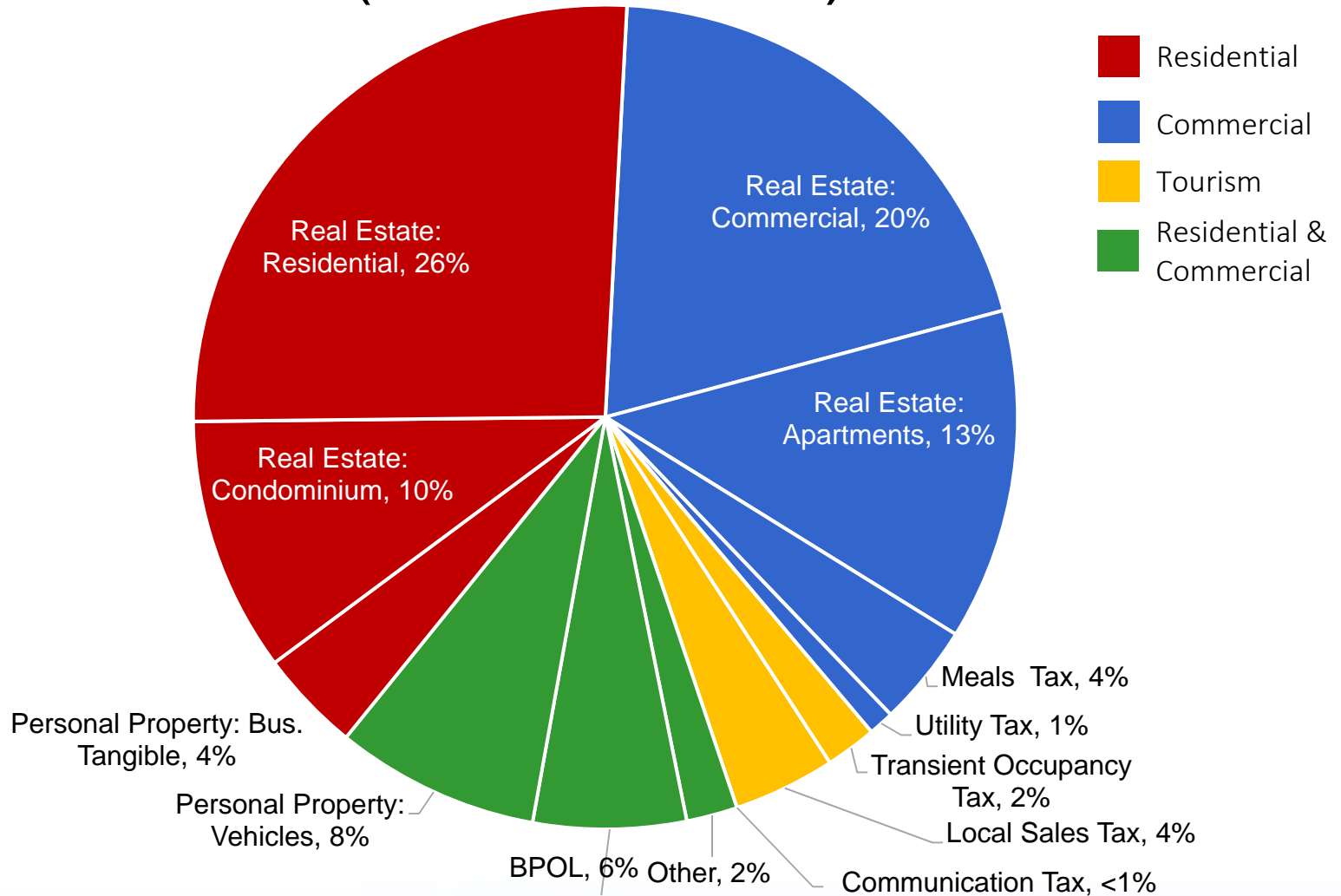
FY 1995: \$418.3 million



Local Tax Revenue by Source (General Fund)



Local Tax Revenue by Source (General Fund)



FY 2015 to FY 2016 Proposed Revenue Changes

Revenue Source	FY 2015 Adopted (millions)	FY 2016 Proposed (millions)	\$ Change (millions)	% Change
Real Estate (existing rate: \$0.983)	\$637.1	\$668.0	\$31.0	4.9%
Personal Property	108.7	110.2	1.5	1.4%
Business License	59.5	56.5	-3.0	-5.0%
Sales	40.0	40.6	0.6	1.5%
Meals	36.8	37.1	0.3	0.7%
Transient Occupancy	21.8	22.8	1.0	4.6%
Other Taxes	37.4	35.3	-2.1	-5.6%
Total Taxes	\$941.3	\$970.5	\$29.2	3.1%
Charges for Service	10.5	10.6	0.1	1.3%
Fines, Interest, Rents	54.2	53.2	-1.0	-1.8%
State	69.1	71.3	2.3	3.3%
Federal	14.2	15.0	0.8	5.5%

Numbers may not add due to rounding.

Tax & Fee Changes in Proposed Budget

- Tax Rates

- Real Estate Tax Rate – proposed budget includes the base tax rate of \$0.983/\$100 of assessed value
 - The advertised base tax rate is \$0.998 – a \$0.015 increase from CY 2014

No Change Recommended

- Stormwater Tax Rate – \$0.013/\$100 (of assessed value)
- Commercial Transportation Tax Rate – \$0.125/\$100
- Personal Property & Business Tangible Tax – \$5.00/\$100
- Business License Tax Rates – no changes to various rates

- Business Improvement Districts – proposed budget assumes flat tax rates for all BIDs; fully funds the proposed business plan for each.

Tax & Fee Changes (Continued)

- Fees
 - Increase various Park & Recreation fees
 - Maintain the household solid waste rate at the FY 2015 revised rate of \$271.04 pending the results of the negotiation for a new contract
- Other Funds
 - Utilities Fund - Water/sewer rate increases \$0.23 per thousand gallons to \$13.27. Corresponds to an estimated annual increase of \$16.10 per household annually, assuming 70,000 gallons of water consumption.

Tax & Fee Burden on Average Household

Summary of Residential Taxes and Fees

Average Homeowner Impact	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015 (FY 2016)
					Current tax rate
Average Assmt	510,200	519,400	524,700	552,700	\$579,800
Tax Rate (Inc. Sanitary Dist)	\$0.958	\$0.971	\$1.006	\$0.996	\$0.996
Real Estate Tax	\$4,888	\$5,043	\$5,278	\$5,505	\$5,775
Personal Property*	322	368	410	459	454
Annual Decal Fee*	66	66	66	66	66
Refuse Fee**	326	294	294	271	271
Water / Sewer Service	853	883	883	913	929
Residential Utility Tax	72	72	72	72	72
Total Residential Tax & Fees	\$6,527	\$6,726	\$7,003	\$7,286	\$7,567
Percent Change	2.0%	3.0%	4.1%	4.0%	3.9%
Dollar Change	\$129	\$199	\$277	\$283	\$281
			monthly change	\$24	\$23

* For two car household

**CY 2014 is the revised rate adopted in July 2014. The CY 2015 rate is held at that rate pending contract negotiations.

Real Estate Assessment Information

Real Estate Taxes

- Background:
 - Largest revenue source: FY 2016 proposed totals \$668.0 million at \$0.983 rate
 - Paid by owners of residential and commercial properties
 - Reassess properties annually
 - Residential based on fair market value including factors such as sales price of similar properties
 - Most commercial assessments based on how much income the property would produce if it were rented
 - Split between commercial and residential properties has been about 50/50; any change to this split shifts the tax burden
 - Revenue growth is dependent on assessment growth, new construction, and the tax rate
- Legal limitations:
 - Localities control the level of the real estate tax rate
 - Legally required to have a unified tax rate; cannot have differentiated rates for different property types without state authorization

Who Pays Real Estate Taxes?

CY 2015 Total Assessments = \$68,649 million

Residential: 51.6%



Houses/
Townhouses:
37.4%

Condos: 14.1%

Commercial: 48.4%



Apartments:
19.5%

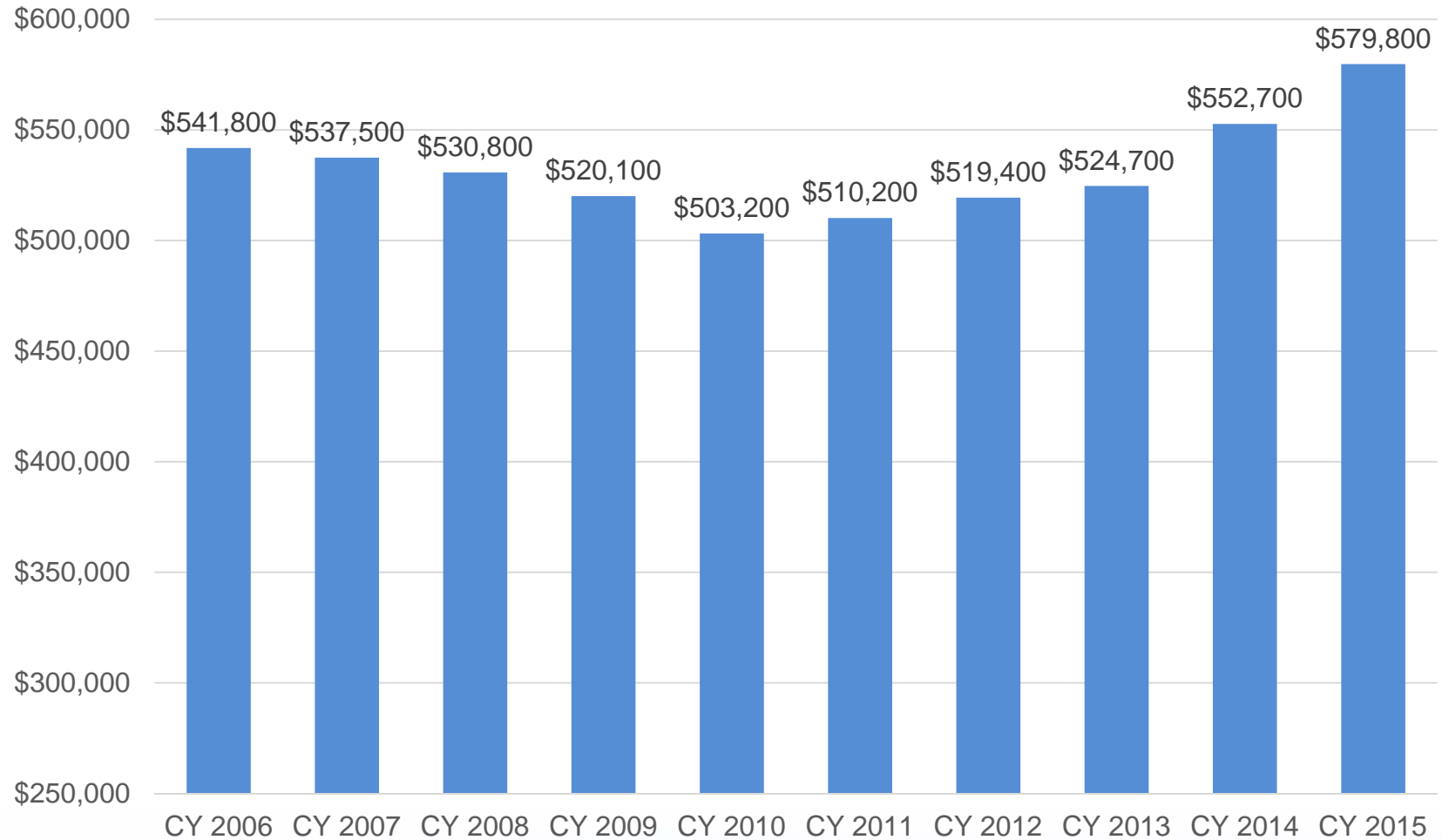


Office: 20.1%

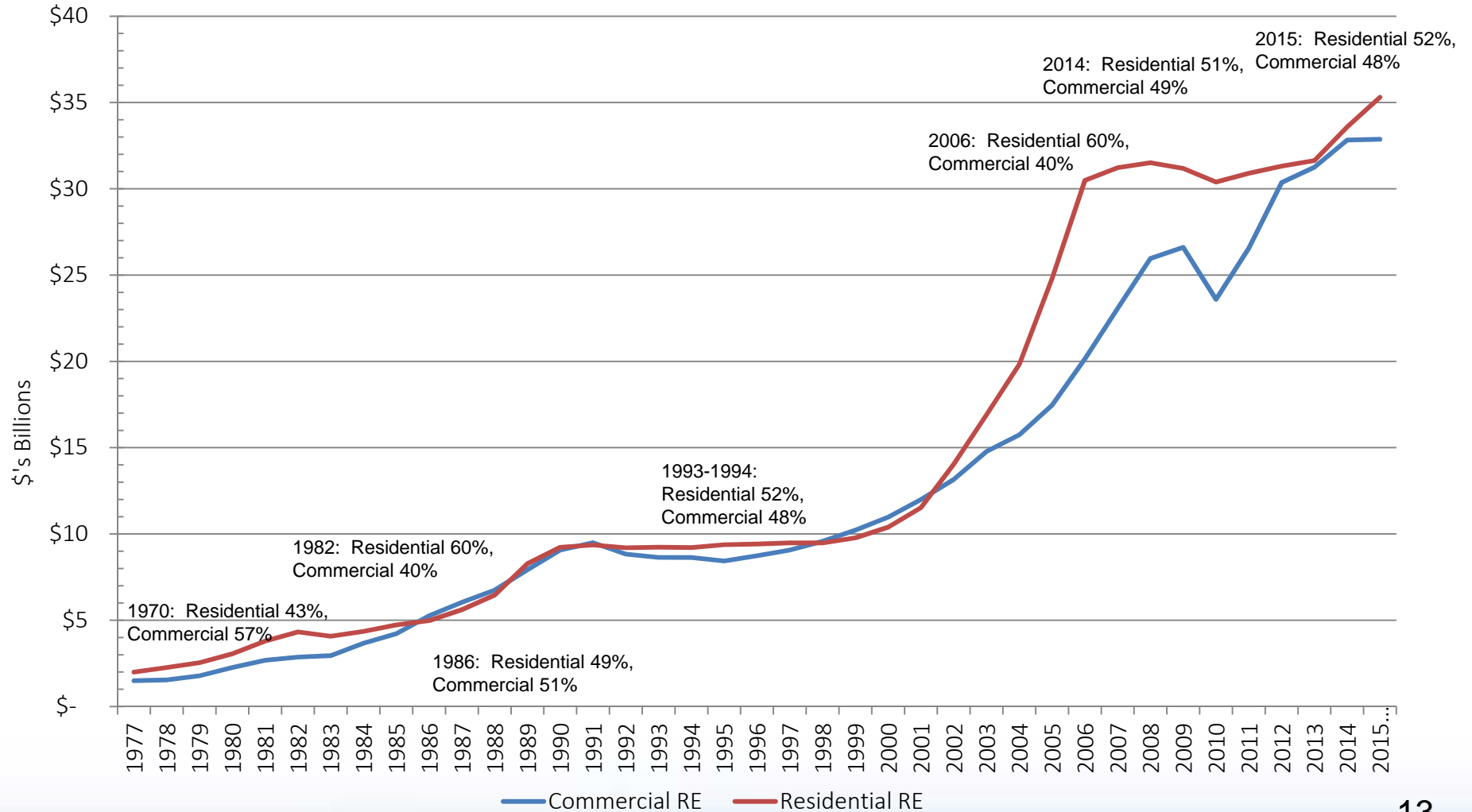
General
Commercial: 6.1%

Hotels: 2.7%

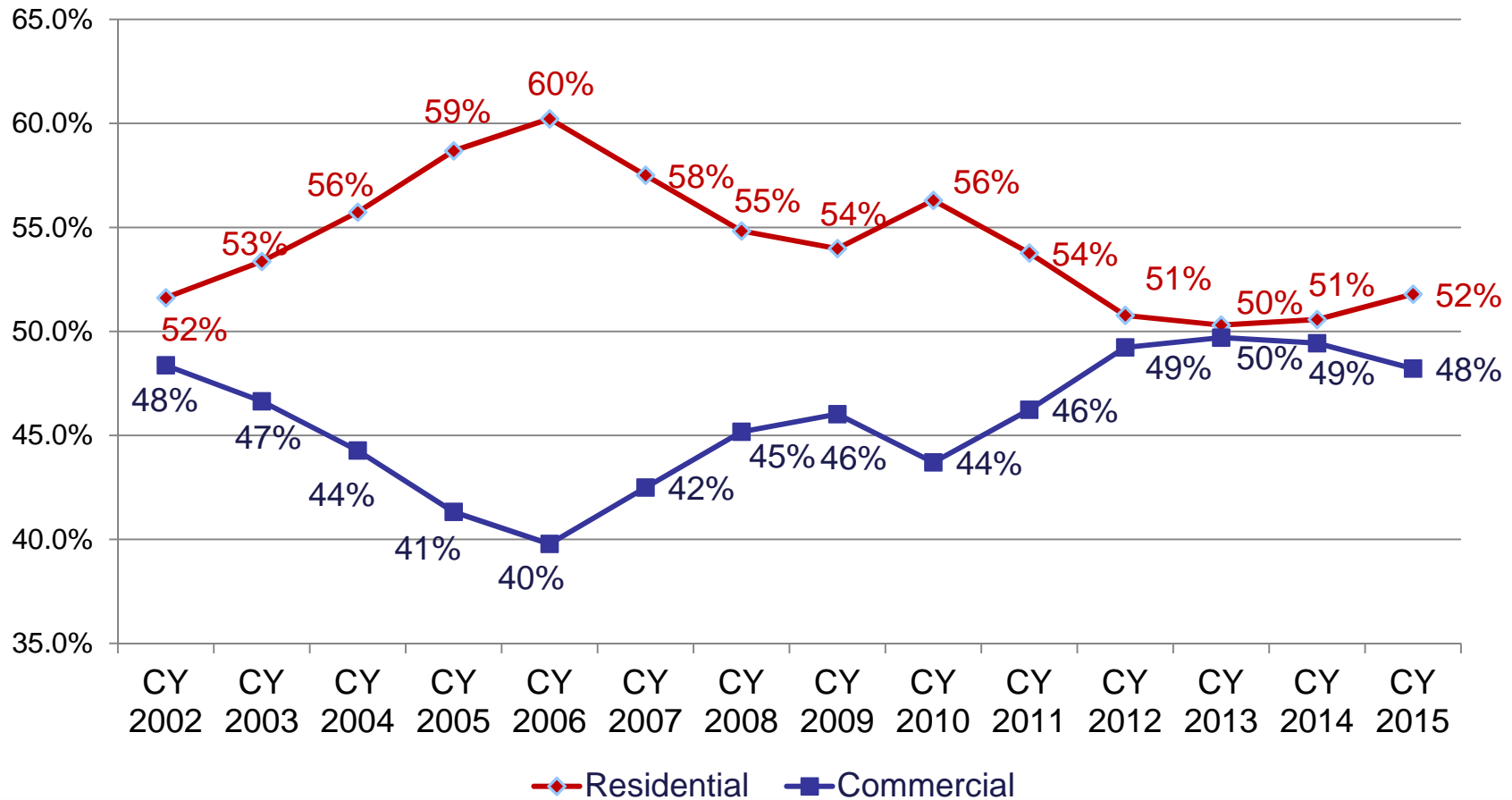
Average Single Family Home Assessment CY 2006 – CY 2015



Total Commercial versus Total Residential Real Estate Tax Base Value 1977 to 2015



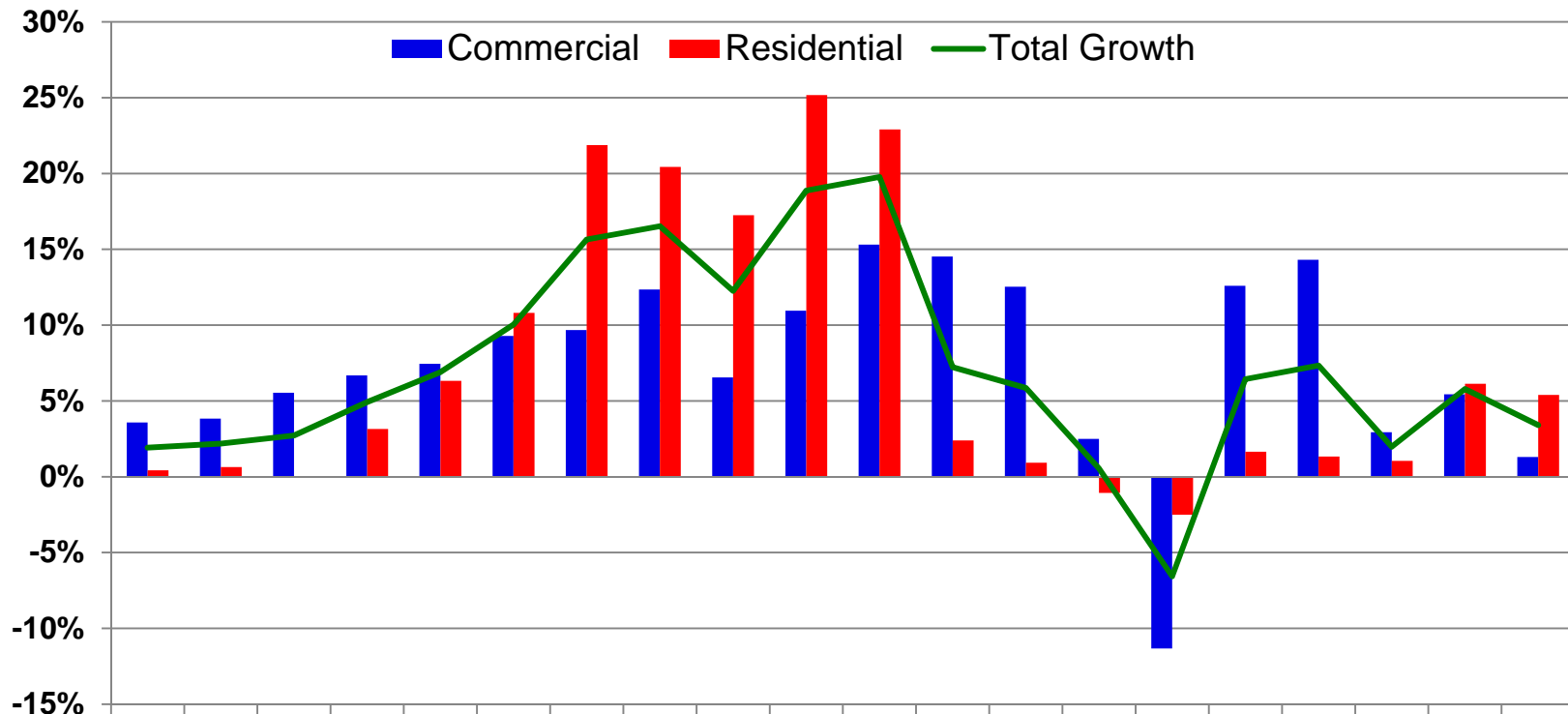
General Fund Comparative Tax Burden Residential vs. Commercial Tax Base



If we include the Stormwater Fund and Transportation Fund, the percentages for tax burden would shift:
Commercial 50%; Residential 50%

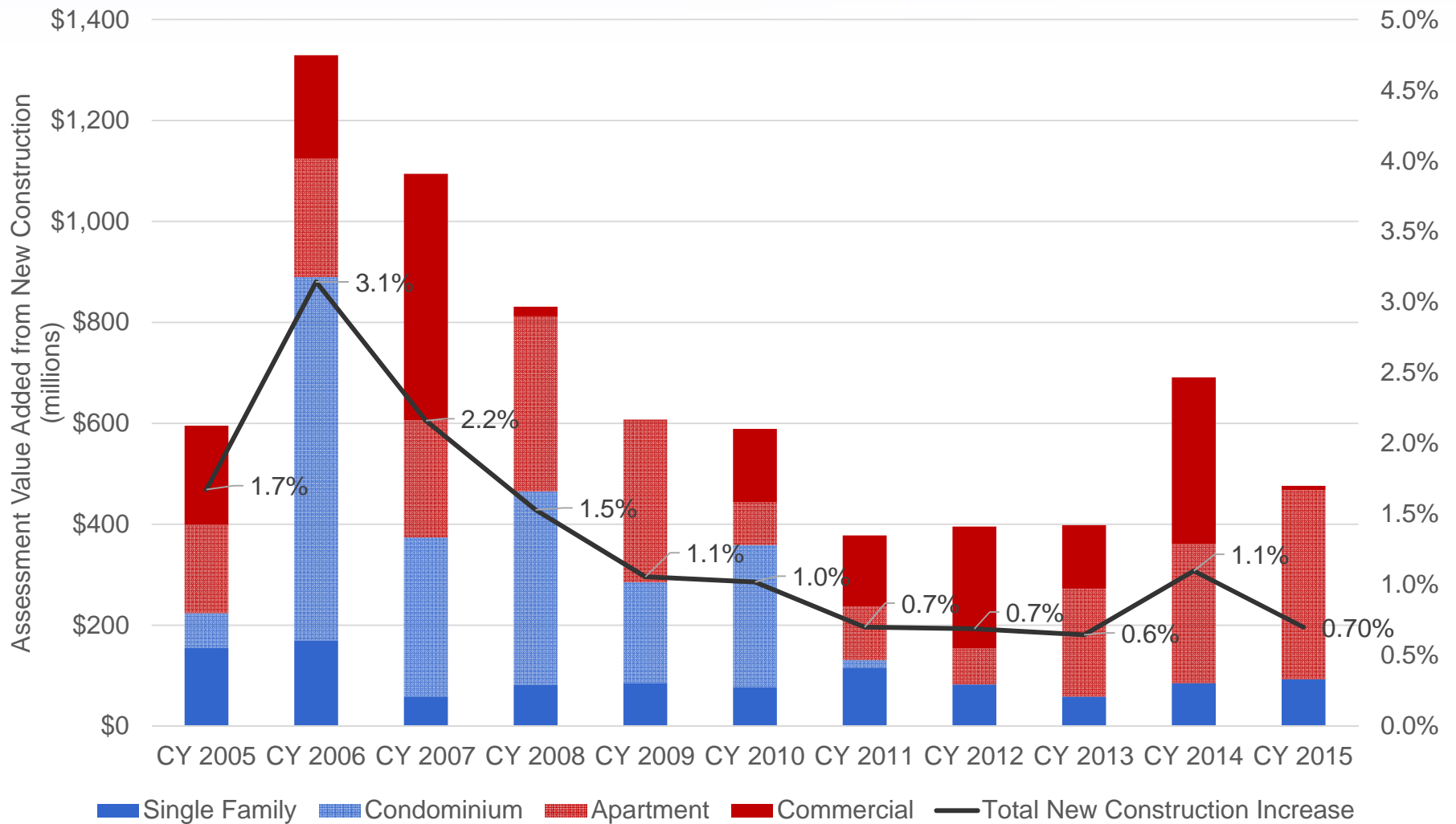
Assessment Base Percent Change Residential vs. Commercial 1995-2015

(year-over-year percent change)



	CY '96	CY '97	CY '98	CY '99	CY '00	CY '01	CY '02	CY '03	CY '04	CY '05	CY '06	CY '07	CY '08	CY '09	CY '10	CY '11	CY '12	CY'13	CY'14	CY'15
Commercial	3.6%	3.8%	5.5%	6.7%	7.5%	9.3%	9.7%	12.3%	6.5%	11.0%	15.3%	14.5%	12.5%	2.5%	-11.3%	12.6%	14.3%	2.9%	5.4%	1.3%
Residential	0.4%	0.6%	0.0%	3.1%	6.3%	10.8%	21.9%	20.4%	17.2%	25.2%	22.9%	2.4%	0.9%	-1.1%	-2.5%	1.7%	1.3%	1.0%	6.1%	5.4%
Total Growth	1.9%	2.2%	2.7%	4.9%	6.9%	10.0%	15.7%	16.5%	12.3%	18.9%	19.8%	7.2%	5.9%	0.5%	-6.6%	6.4%	7.3%	2.0%	5.8%	3.4%

Growth from New Construction by Category



Commercial New Construction



300,000 SF Commercial
Office Building:
\$3.0 million impact

Real Estate Taxes: \$1.4 million

BPOL & Business Tangibles: \$1.4 million

Meals, Sales, & TOT: \$220,000



200 Unit Apartment Building:
\$1.0 million impact

Real Estate Taxes: \$800,000

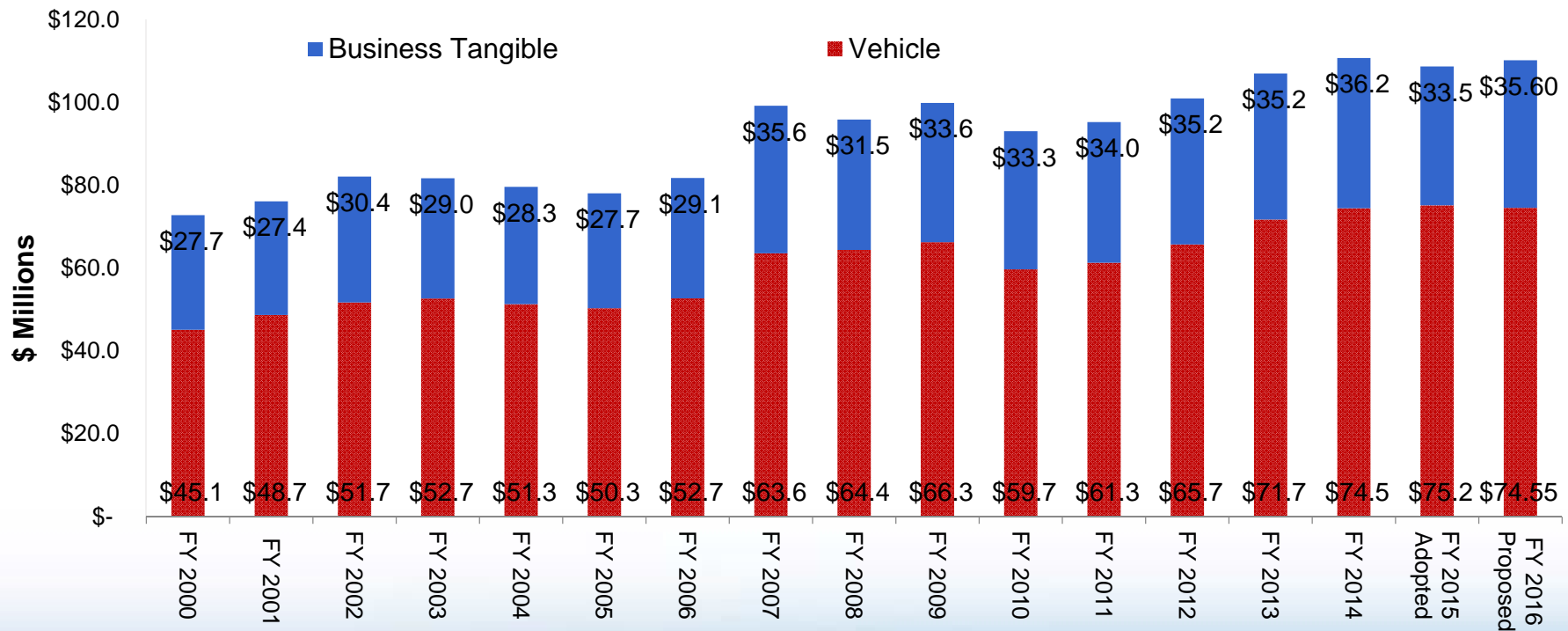
Personal Property Taxes: \$170,000

Meals, Sales, & TOT: \$50,000

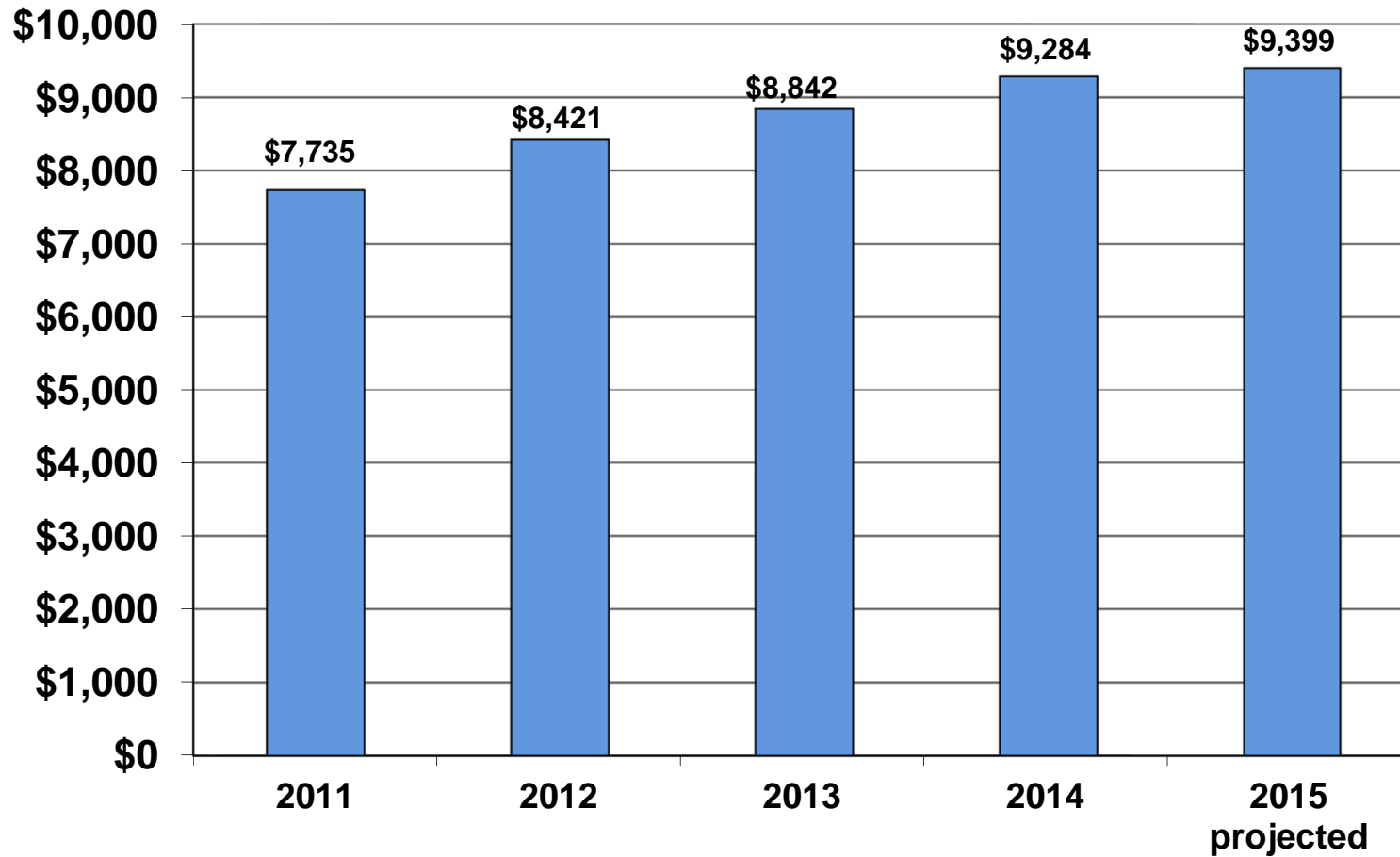
Other Taxes

Personal Property Tax Revenue

- Background:
 - Second largest tax at \$110.2 million in FY 2016 Proposed Budget
 - Levied on tangible property of individuals (vehicles) and businesses (machines, furniture, equipment, fixtures, & tools)
 - Business Tangibles influenced by vacancy rates & reinvestment by businesses
- Legal limitations:
 - State does not limit the rates but BT rate cannot exceed vehicle rate



Average Vehicle Value CY 2011 - CY 2015



Proposed Formula for Allocation of State Relief Monies

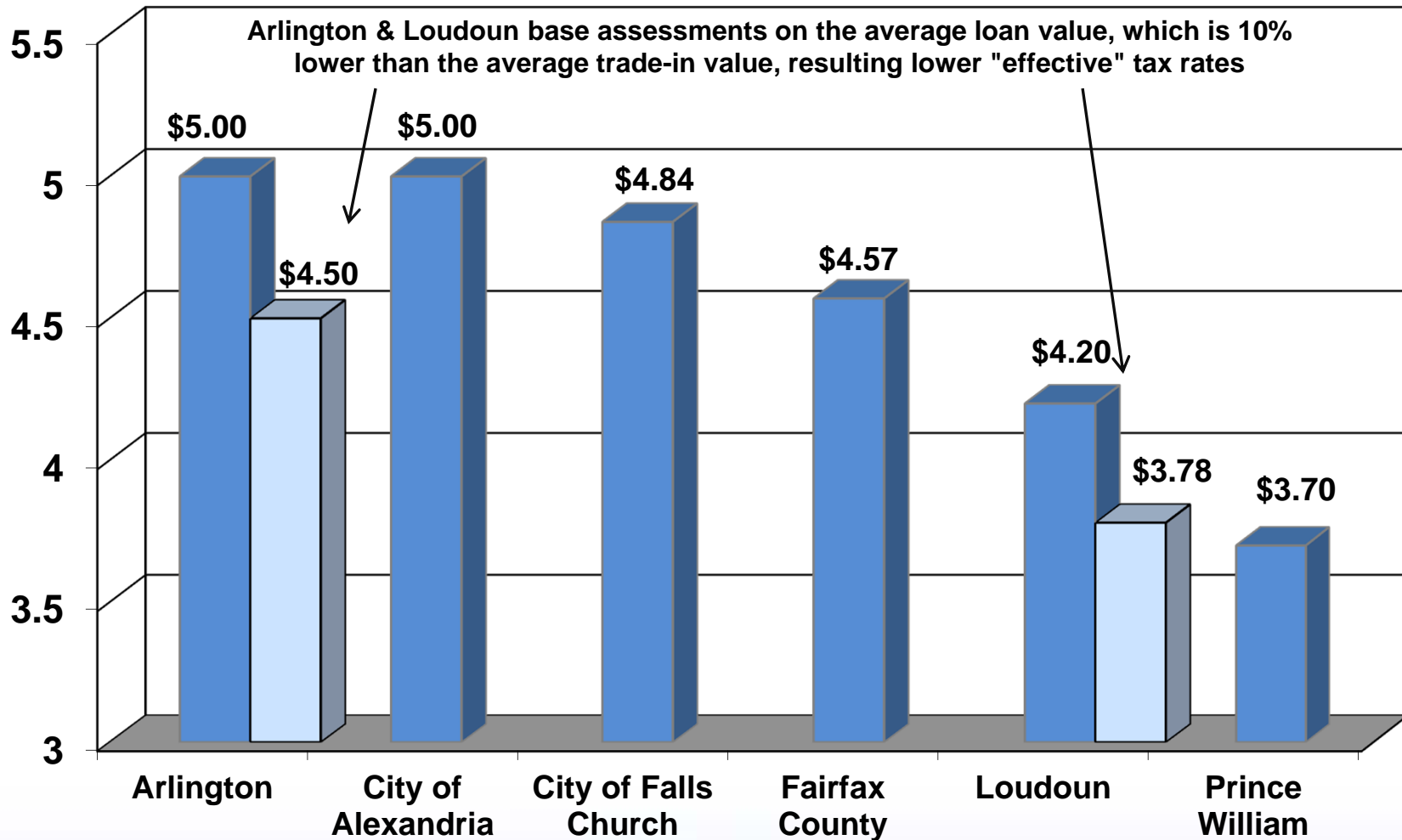
Clean fuel vehicles & Vehicles Equipped to Transport the Physically Disabled

- 100% exemption on first \$3,000 of value
- 50% exemption on value from \$3,001 – \$20,000
- No exemption on value over \$20,000
- 8 qualified vehicles to transport the physically disabled and over 5,300 clean fuel vehicles in 2014

Conventional fuel vehicles

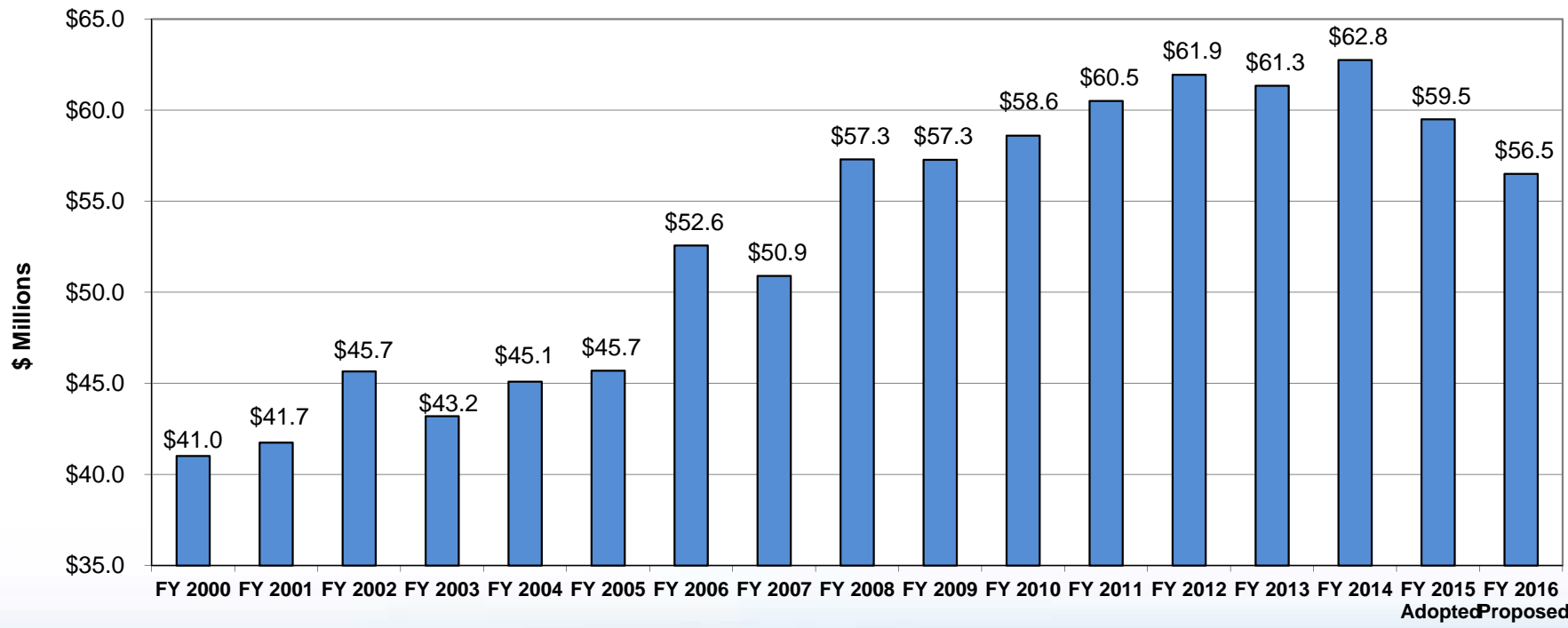
- 100% exemption on first \$3,000 of value
- Balance of remaining subsidy provided to conventional fuel value from \$3,001 to \$20,000
- Current assumption is that 29% exemption will be available for this portion of vehicle value
- Over 152,700 conventional fuel vehicles in 2014

Regional Personal Property CY 2015 Tax Rate Comparison

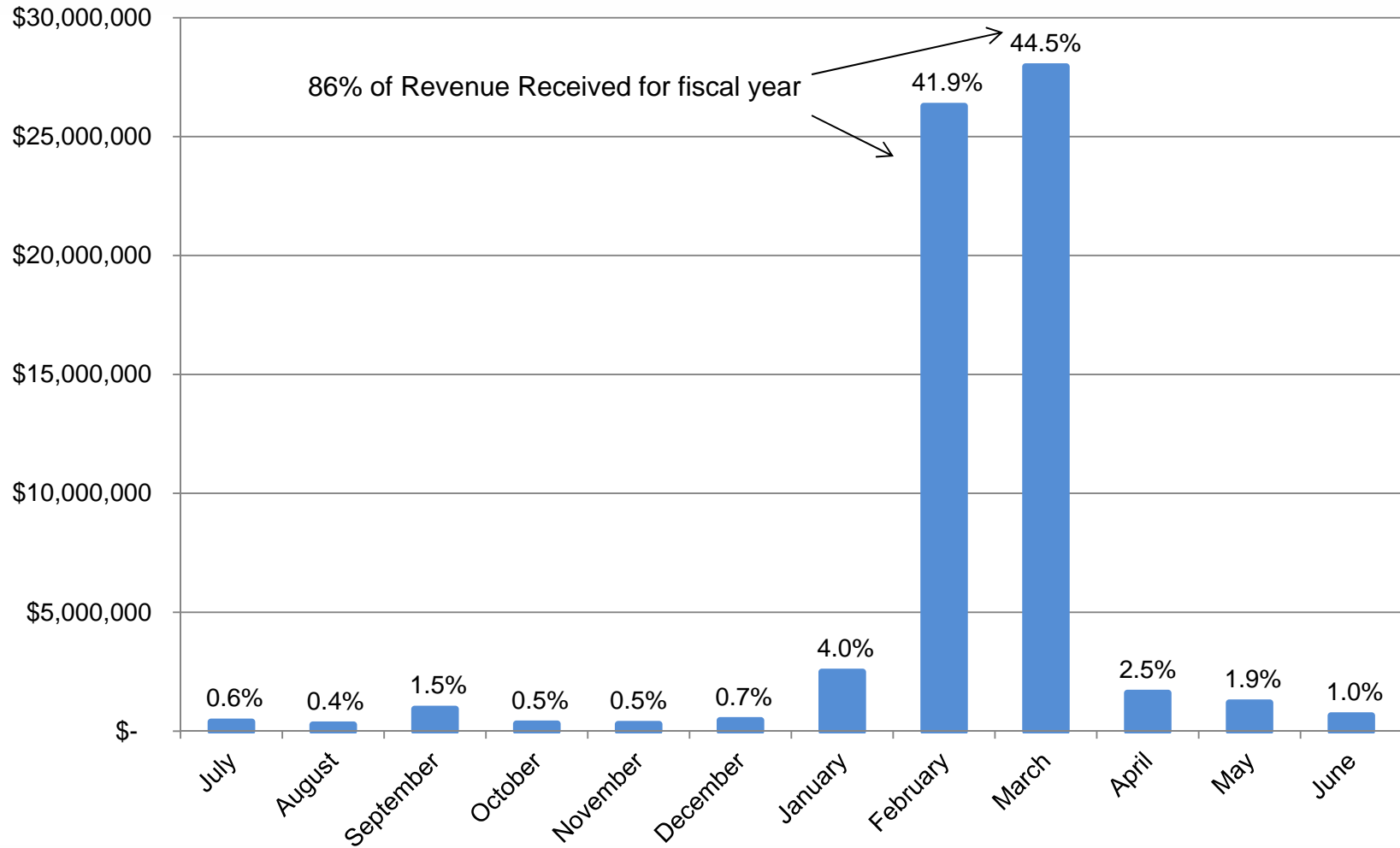


Business, Professional, Occupational License Tax

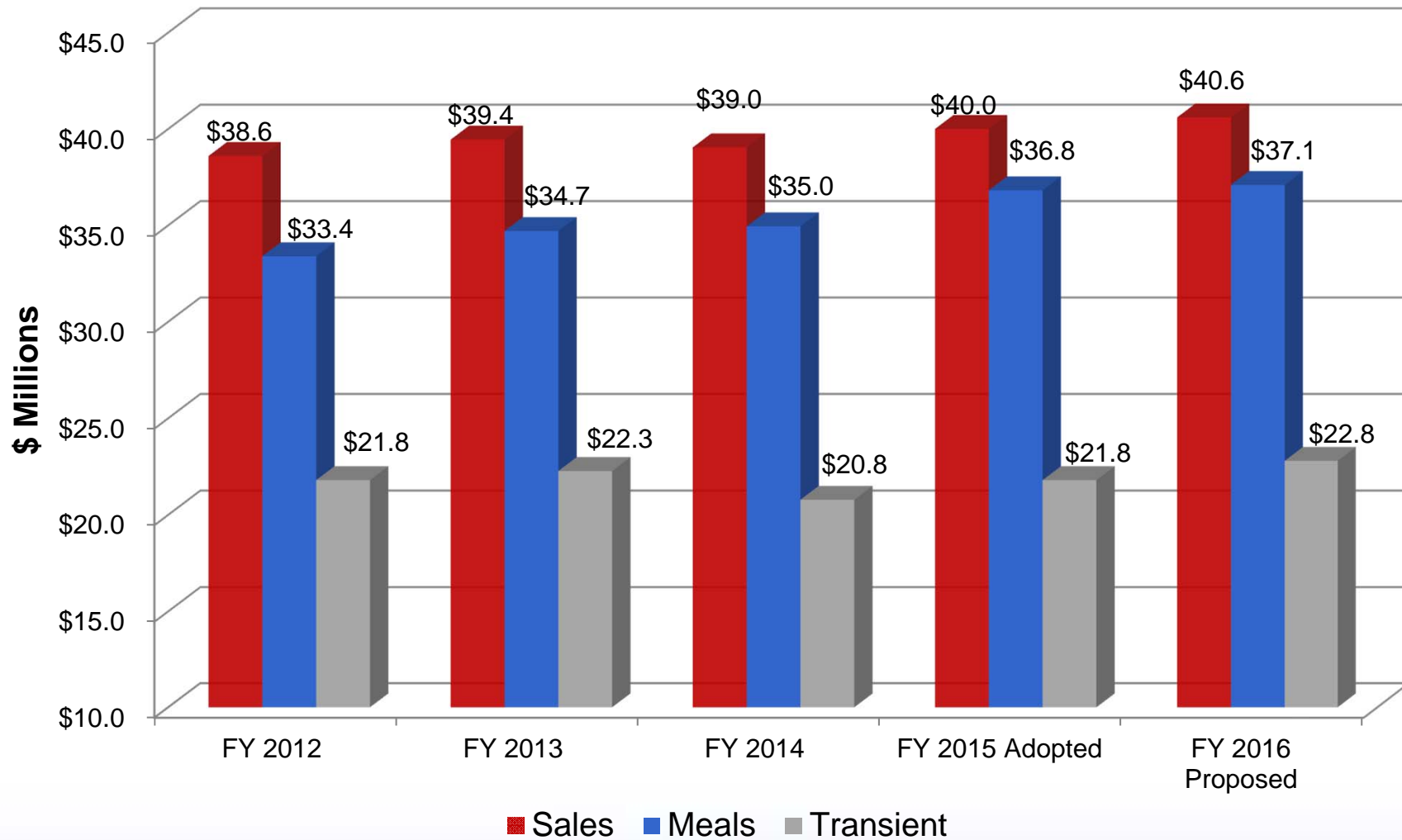
- Background:
 - Businesses' gross receipts are taxed at various rates
 - Largest source is Professional Services at over 50% of total
 - Very few states have a business gross receipts tax
 - Higher rates limit economic competitiveness
- Legal limitations:
 - State has set maximum rates
 - Arlington rates are lower than the maximums



FY 2014 BPOL by Month



Sales, Meals, & Transient Occupancy Taxes



Other Tax Revenue

Revenue Source	FY 2015 Adopted (\$ millions)	FY 2016 Proposed (\$ millions)	\$ Change (millions)	% Change
Utility Tax	\$11.8	\$11.8	Flat	0%
Communications Tax	\$7.5	\$7.5	Flat	0%
Recordation Tax	\$6.0	\$4.75	(\$1.25)	(21%)
Car Rental Tax	\$5.35	\$4.75	(\$0.60)	(11%)
Cigarette Tax	\$3.0	\$2.6	(\$0.4)	(13%)

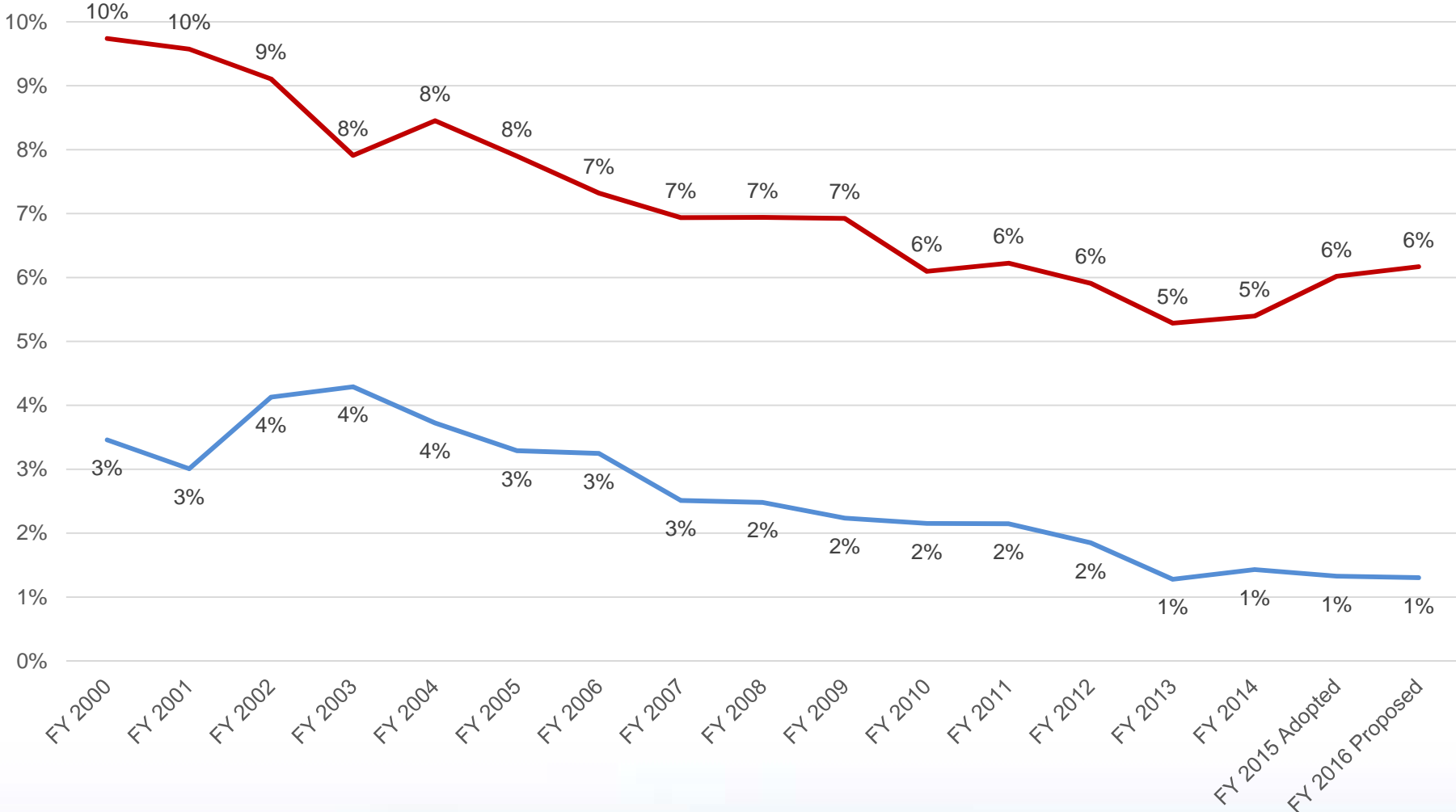
Non-Tax Revenue

Non-Tax Revenue

- **Charges for Services (down \$1.0 million / 2% decrease)**
 - Parking meter revenue down 4%
 - Increased revenue from Commuter Store & Arlington Transit reflects increased fare media sales and an increase in transportation demand management contributions
 - Recreational program fee income
 - Reimbursements from City of Falls Church
- **Fines, Interest, Rents (up \$0.8 million / 5% increase)**
 - Parking tickets decrease \$0.3 million based on recent actual receipts
 - Fines revenue increases \$0.8 million based on recent actual receipts
- **Licenses, Permits, Fees (up \$0.1 million / 1% increase)**

State & Federal Revenue

State & Federal Revenue as a Percentage of Total General Fund



— State Revenue as a Percentage of Total General Fund — Federal Revenue as a Percentage of Total General Fund

State Revenue

Proposed Budget

- State revenue up from FY 2015 adopted (\$2.3 million / 3.3%)
 - Highway aid up \$1.1 million in line with state estimates
 - Transit aid up \$0.6 million
 - Increased Mental Health/Intellectual Disability due primarily to additional funding for the Regional Discharge Assistance Program (\$0.4 million)
 - Cut in Aid to Localities (\$733,300)

General Assembly Action – session ends tomorrow

- Adjustments to FY 2016 estimates will be recommended by County Manager at 3rd Quarter Review
 - Restoration of Aid to Localities
 - Comp Board salary increases – 2%
 - Treasurer's amendment on court collections

Federal Revenue

- Federal revenue decreases 1% (\$0.2 million).
 - CSBG, CDBG, & HUD/HOME grants expected to be flat
 - Human Services' drug-free communities grant is ending

Comparison to Other Jurisdictions

Northern Virginia Jurisdictions

Arlington

- Budget: \$1.15 billion
- Population: 268,406 (daytime), 214,861 (resident)
- DAYTIME TO RESIDENT POPULATION RATIO: 1.25

Fairfax

- Budget: \$3.72 billion
- Population: 1,103,843 (daytime), 1,101,071 (resident)
- DAYTIME TO RESIDENT POPULATION RATIO: 1.00

Alexandria

- Budget: \$636.77 million
- Population: 152,493 (daytime), 143,684 (resident)
- DAYTIME TO RESIDENT POPULATION RATIO: 1.06

Prince William

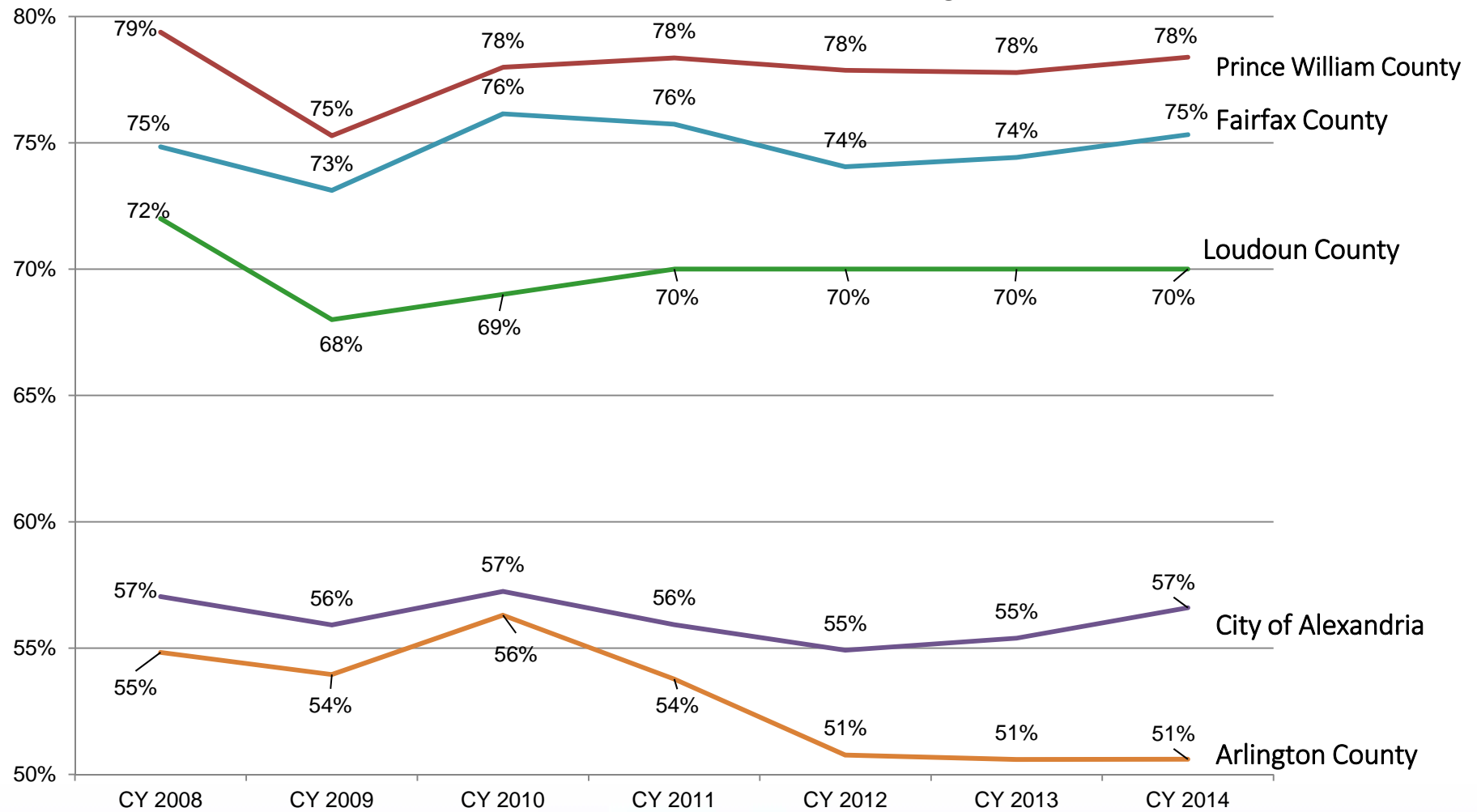
- Budget: \$989.84 million
- Population: 331,251 (daytime), 416,668 (resident)
- DAYTIME TO RESIDENT POPULATION RATIO: 0.79

Loudoun

- Budget: \$1.98 billion
- Population: 297,023 (daytime), 326,477 (resident)
- DAYTIME TO RESIDENT POPULATION RATIO: 0.91

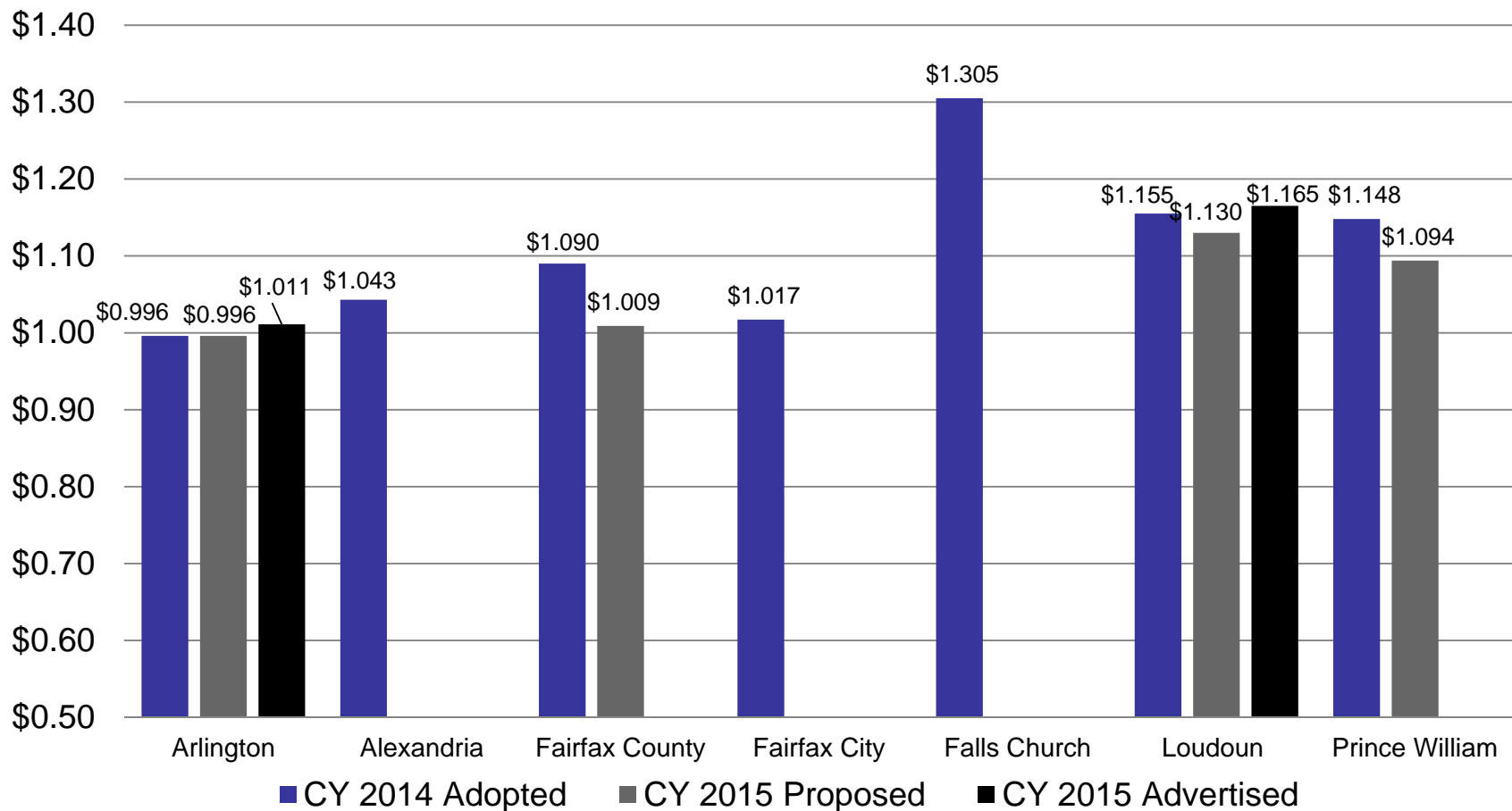
Real Estate Impact on Homeowner Regionally

Residential assessments as a percentage of total tax base



Jurisdiction Tax Rate Comparison

Total Rate Applied to Residential Properties



Tax & Fee Burden on Average Household

CY 2014	Arlington County	City of Alexandria	Fairfax County	Prince William County	Loudoun County
Average Residential Assessment	\$552,700	\$490,422	\$497,962	\$310,823	\$423,000
Estimated Taxes					
Real Estate	\$5,505	\$5,115	\$5,547	\$3,796	\$4,886
Personal Property	928	928	848	688	780
Residential Consumer Utility	72	72	96	72	65
Subtotal	\$6,505	\$6,115	\$6,491	\$4,556	\$5,731
Estimated Fees					
Water/Sewer	\$913	\$985	\$735	\$834	\$687
Solid-Waste/Recycling	271	325	345	396	326
Decal Fee	66	66	66	48	50
TOTAL	\$7,755	\$7,491	\$7,637	\$5,834	\$6,794
Amount more (less) than Arlington		(\$264)	(\$118)	(\$1,921)	(\$961)
Percent more or less than Arlington		-3.4%	-1.5%	-24.8%	-12.4%

Arlington's taxes and fees fund a high level of service delivery including:

- Higher per pupil spending than any other jurisdiction
- Streets maintained by the County instead of the State
- Metro (not in Prince William or Loudoun) & ART
- Commitment to Affordable Housing & human services support
- Robust library & community center services
- Water/sewer improvements to enhance environmental quality

Regional Tax Advertisement & Budget Schedule

	CY 2014 Tax Rates	Residential Assessment Change 2014-2015	Total Assessment Base Change	CY 2015 Tax Rates Proposed/Advertised	FY 2016 Budget Adoption Date
Arlington County	\$0.983 - base \$0.013 -stormwater \$0.125 - commercial only	5.42%	3.39%	\$0.983 – base proposed & \$0.998 advertised \$0.013 -stormwater \$0.125 - commercial only	April 18
City of Alexandria	\$1.043 -base	4.33%	3.50%	Guidance allows for increase. Budget is proposed March 3 & advertise tax rate March 17.	May 7
City of Falls Church	\$1.305 - base	Available in late February; projecting 6-8% residential & 4-5% total		Guidance does not allow for an increase. Proposes budget on March 9.	April 27
Fairfax County	\$1.090 - base \$0.0225 - stormwater \$0.001 -pest control \$0.015 -leaf collection \$0.125 - commercial only	3.90%	3.46%	\$1.0090 – base (proposed); advertise March 3 \$0.0250 - stormwater \$0.001 - pest control \$0.015 - leaf collection \$0.125 - commercial only	April 28
City of Fairfax	\$1.0172 -base \$0.02 – stormwater \$0.028 school tuition reserve \$0.055 - commercial only	Not available Proposes budget March 3 and advertises tax rate March 10			April 29
Prince William County	\$1.148 -base \$0.0732 -fire \$0.0025 – moth control	Assessments available March 9		\$1.094 –base; advertises March 3 \$0.0674 -fire \$0.0025 – moth control	April 21/28
Loudoun County	\$1.155 – base	6.24%	6.06%	\$1.13 – base (proposed); \$1.165 (advertised)	Early April

Revenue Overview

FY 2016 Proposed Budget

County Board Work Session – February 26, 2015