

Revenue Outlook

**What Resources Are
Available to Fund
Short and Long-Term Needs?**



PWC Adopted Five-Year Plan

- In projections County has an additional \$14.5M
- In projections Schools have an additional \$17M

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Revenue and Resources:</u>					
General Revenue	\$727,859,700	\$757,699,700	\$798,957,200	\$852,815,700	\$912,074,700
Agency Revenue	\$95,292,973	\$89,335,051	\$89,283,197	\$89,210,098	\$89,014,311
County Resources	\$22,118,233	\$29,371,382	\$22,117,930	\$19,846,232	\$20,024,199
Total Revenue & Resources Available	\$845,270,906	\$876,406,133	\$910,358,327	\$961,872,030	\$1,021,113,210
<u>Expenditures:</u>					
County Government	\$437,437,201	\$449,393,603	\$459,947,986	\$476,231,853	\$499,163,000
Transfer To Schools	\$407,833,705	\$424,506,856	\$447,920,486	\$478,320,610	\$511,779,842
Total Expenditures	\$845,270,906	\$873,900,459	\$907,868,472	\$954,552,463	\$1,010,942,842
Total Revenue & Resource Balance	\$0	\$2,505,674	\$2,489,855	\$7,319,567	\$10,170,368



What were the FY 2011 Revenue Projections?

- FY 2011-2014 Revenue projections adopted in April 2009 provided County a 4% increase in general revenues
- Projection Based on the following assumptions:
 - ◆ Residential Real Estate Values -10%
 - ◆ Commercial Real Estate Values -10%
 - ◆ Sales Tax -1%
 - ◆ Personal Property +1%
- Five-Year Plan Revenue Policy for projection:
 - ◆ Residential Tax Bills grow by inflation or 2% in FY 2011
 - ◆ Commercial Tax Bills grow by 2% in FY 2011
 - ◆ Real Estate Tax Rate Projected at \$1.374



Preliminary Work on FY 2011 Revenue Forecast

- Projections have changed dramatically
- Changes to FY 2011 Assumptions:
 - ◆ Residential Real Estate Values from -10% to +1%
 - ◆ Commercial Values from -10% to -25%
 - ◆ Sales Tax -1%
 - ◆ Personal Property +1%
- If Average Residential Tax Bill Grows by 2%
- Real Estate Tax Rate would be \$1.224
- There will be total of \$40.4M less than projected in revenue for County and Schools



What are the various scenarios for
Tax bill growth/
Revenue Growth?



Summary of Revenue Policies - Does Not Include Impact from Recordation Tax Revenue

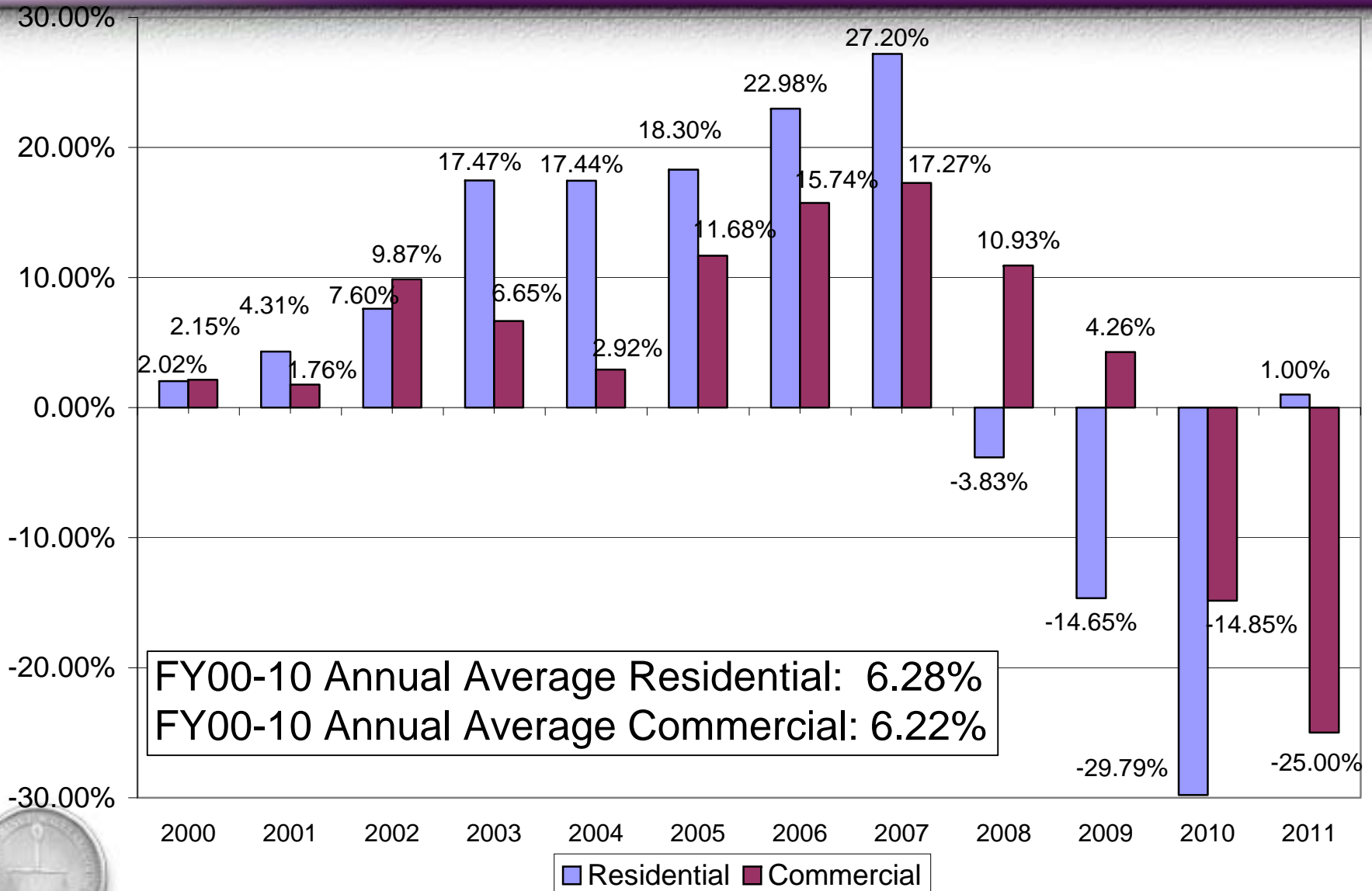
Tax Rate	Res. % Tax Bill Increase	Tax Bill Increase	Tax Bill Increase Per Month	Comparison to FY09 Tax Bill	Commercial Tax Bill % Change	FY11 School Impact	FY11 County Impact
\$1.224	2.0%	\$60	\$5.00	(\$375)	-24.3%	(\$22,940,620)	(\$17,483,380)
\$1.248	4.0%	\$120	\$10.00	(\$315)	-22.8%	(\$17,732,673)	(\$13,514,328)
\$1.272	6.0%	\$180	\$15.00	(\$255)	-21.3%	(\$12,525,293)	(\$9,545,708)
\$1.296	8.0%	\$240	\$20.00	(\$195)	-19.8%	(\$7,317,913)	(\$5,577,088)
\$1.330	10.8%	\$325	\$27.08	(\$110)	-17.7%	\$59,588	\$45,413



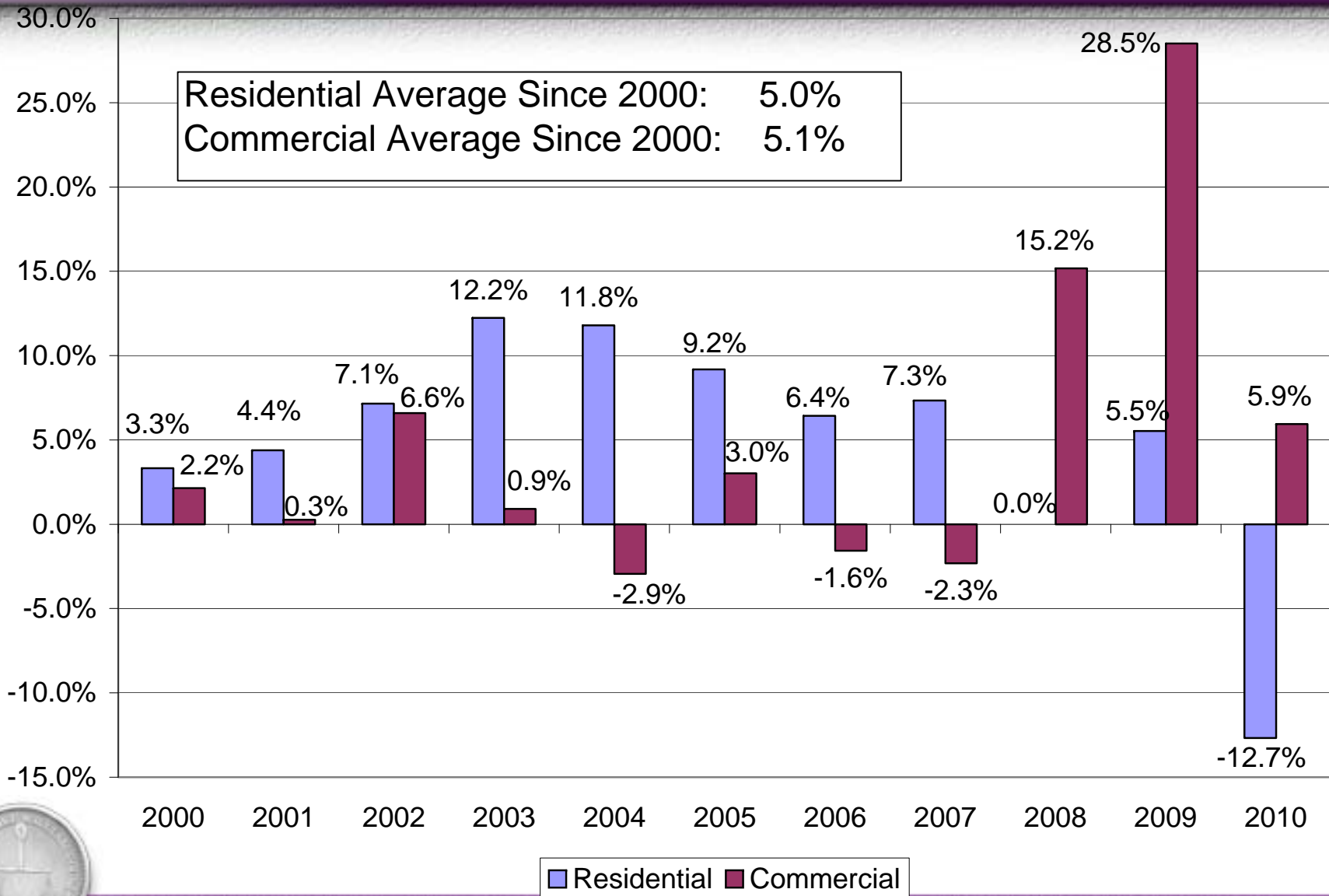
Remains \$110 less than FY09 real estate tax bill



Change in Real Property Value: Residential & Commercial (Does Not Include Growth)



History of Residential and Commercial Percent Change in Real Estate Tax Bill



Relationship of Revenue to Needs

<u>Tax Rate</u>	<u>Res. % Tax Bill Increase</u>	<u>Tax Bill Increase</u>	<u>Tax Bill Increase Per Month</u>	<u>FY 11 Projected (\$ in Millions)</u>		
				<u>Additional Revenue Available</u>	<u>Five-Yr. Plan & High Risk</u>	<u>Gap to Fund Needs</u>
\$1.224	2.0%	\$60	\$5.00	(\$2.7)	\$14.6	(\$17.3)
\$1.248	4.0%	\$120	\$10.00	\$1.3	\$14.6	(\$13.3)
\$1.272	6.0%	\$180	\$15.00	\$5.3	\$14.6	(\$9.3)
\$1.296	8.0%	\$240	\$20.00	\$9.2	\$14.6	(\$5.4)
\$1.330	10.8%	\$325	\$27.08	\$14.8	\$14.6	\$0.2



Revenue Diversification

- County relies most heavily on real estate tax
 - ◆ 58% of total General Fund revenue comes from real estate
 - ◆ 76% of that comes from residential properties
- There are other sources of revenue the County could tap into to meet the most important needs of the community



Real Estate Not Only Revenue Source

Revenue Source	Status	Under BOCS/Control	Use of Revenue
Real Estate	Down	Yes	General Fund
Personal Prop	Down	Yes	General Fund
Sales Tax	Down	No	General Fund
BPOL	Down	Yes/To a Max	General Fund
Recordation	Down	No	GF/Roads (76%)
Vehicle Reg.	Flat	Yes/To a Max	Inc for Roads
Fire Levy	Down	Yes	Fire & Rescue
Communication	Down	No	General Fund
Consumer Util.	Flat	No	General Fund
Investment	Up	No	General Fund



Real Estate is Not the Only Source of Revenue

■ Personal Property Tax Rate (currently \$3.70)

- ◆ County is losing \$4M in revenue from personal prop tax
- ◆ Rate of \$3.86 recovers \$4.0M shortfall in FY 2011
- ◆ 85% of revenue comes from vehicles and 15% comes from business tangible

■ Impact on Vehicle With Trade-In Values of:

- ◆ \$5,000 - Currently pay \$74 after state help, with increase will pay \$77 or \$3 more
- ◆ \$10,000 - Currently pay \$148 after state help, with increase will pay \$154 or \$6 more
- ◆ \$15,000 - Currently pay \$222 after state help, with increase will pay \$231 or \$9 more
- ◆ \$20,000 - Currently pay \$296 after state help, with increase will pay \$308 or \$12 more



Real Estate is Not the Only Source of Revenue

- Prince William County has lowest effective rate in Northern Virginia, second in area
- Note: Fairfax raised real estate rate to offset loss of decal fee but is looking at decal fee reinstatement this year

	Personal Property Tax Rate	Effective Rate	Decal Fee (Automobiles)	Method
Prince William (current)	\$3.70	\$3.70	\$24.00	Average Trade-in Value
Prince William	\$3.86	\$3.86	\$24.00	Average Trade-in Value
Stafford*	\$6.89	\$3.20	\$23.00	40% of Fair Market Value
Loudoun	\$4.20	\$3.78	\$25.00	Average Loan Value
Arlington**	\$5.00	\$4.50	\$25.00	Average Loan Value
Fairfax***	\$4.57	\$4.57	\$0.00	Average Trade-in Value
Alexandria	\$4.75	\$4.75	\$33.00	Average Trade-in Value

* Stafford County's increased their rate from \$5.49 to \$6.89

** Arlington increased decal fee from \$24.00 to \$25.00

*** Fairfax County is the only jurisdiction in Northern Virginia that does not have the decal fee



Other Potential Sources of Revenue

■ Emergency Medical Services Fee

- ◆ BOCS was updated on progress towards the ambulance fee on September 15th
- ◆ Phase III will be presented to the BOCS between June and September Phase III decision
- ◆ Fee could provide resources starting in early to mid FY 2011

■ Fire Levy - provides funding for the Fire and Rescue System



Other Potential Sources of Revenue

■ Solid Waste Fee

- ◆ Fee has not gone up since first established in September 1998 at \$70 per year for single family and \$63 for townhomes
- ◆ Purpose is to provide resources for the removal and disposal of solid waste in the community
- ◆ Litter pick up is currently funded by General Fund
 - Could be shifted to the Solid Waste Fee
 - Would save the General Fund \$675,000
 - Shift would require a \$4 increase to the Solid Waste Fee



Increasing Money for Transportation

■ County Road Bond passed in 2006

◆ Finished

- Rt. 28, Linton Hall Rd. to Rt. 234
- Heathcote Blvd.
- Old Carolina Rd.

◆ Following are underway:

- Rt. 1, Joplin Rd. to Bradys Hill Rd.
- Prince William Parkway, Hoadly Rd. to Old Bridge Rd.
- Rt. 28, Linton Hall Rd. to Fitzwater Dr.
- University Blvd., Sudley Manor Dr. to Hornbaker Rd.

■ When these roads are completed, significant construction on roads will cease



Increasing Money for Transportation

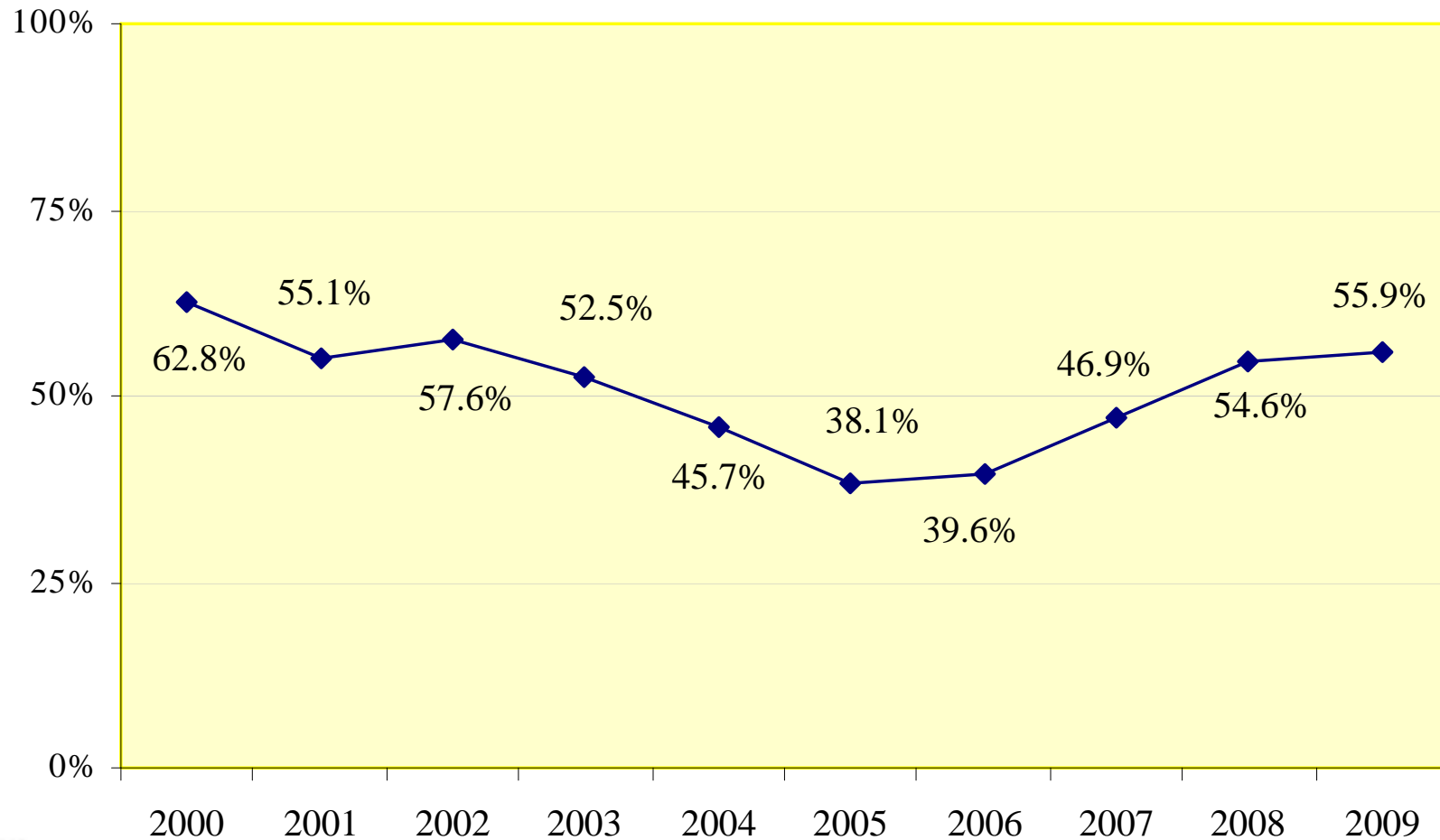
- County has indefinitely shelved 2006 projects not already underway
 - ◆ Rt. 1, Neabsco Rd. to Featherstone Rd.
 - ◆ Minnieville Rd., Spriggs Rd. to Rt. 234
 - ◆ Prince William Pkwy., Old Bridge Rd. to Minnieville Rd.
 - ◆ Rollins Ford Rd., Vint Hill Rd. to Songsparrow Dr.

- Cost to finish bond projects is \$183.4M (includes \$116M for Strategic Plan)

- State & Federal Funding for roads
 - ◆ Rt. 28 - \$3.1M
 - ◆ Prince William Pkwy., Hoadly Rd. to Old Bridge Rd. - \$9.2M
 - ◆ 6 Year Secondary Road Plan - 98% reduction in state funding
 - \$428,000 in FY 10 and then \$0M from FY 11-15 down from \$22.5M



When the County Builds Roads - It Makes a Difference - Citizen Satisfaction with Getting Around



Are there other revenue sources for roads?

- Vehicle Registration Fee Can be raised from \$24 to \$38
 - ◆ Provides approximately \$4M per year for roads
- Commercial Real Estate Tax
 - ◆ \$.125 can be levied on commercial only
 - Fairfax County Rate: \$0.110
 - Arlington County Rate: \$0.125
- This commercial fee could offset, in part, the 24% reduction in commercial tax bills - still a 16.5% reduction (on average) with the \$0.125 commercial tax



Increasing Money for Transportation

- Together these two revenue sources would raise an additional \$10.25M that must be targeted for roads
- Could leverage \$100M in bond financing
- Could complete 55% of unfinished road bonds
- Chambers passed resolution asking State officials to consider new and dedicated source of revenue for roads
- Citizens consistently say that roads are their top concern



Other Revenue Options

- Meals - Requires Referendum
 - ◆ Approximately \$16M at 4.0% tax rate
- Admissions - Requires Enabling Legislation
 - ◆ Localities can tax different classifications at the same or different tax rates as well as exempt qualified charitable events
 - ◆ Approximately \$5M at 10.0% tax rate
- Cigarette Tax - Requires Enabling Legislation
 - ◆ Authorized counties (Arlington and Fairfax) cannot exceed the amount levied by the State (currently \$0.30 per pack)
 - ◆ Approximately \$4M at \$0.30 tax rate



Questions

