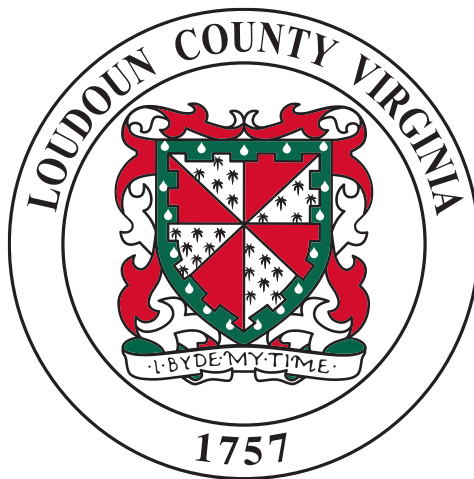




# General Fund Revenue and Trends FY 2025 Proposed Budget

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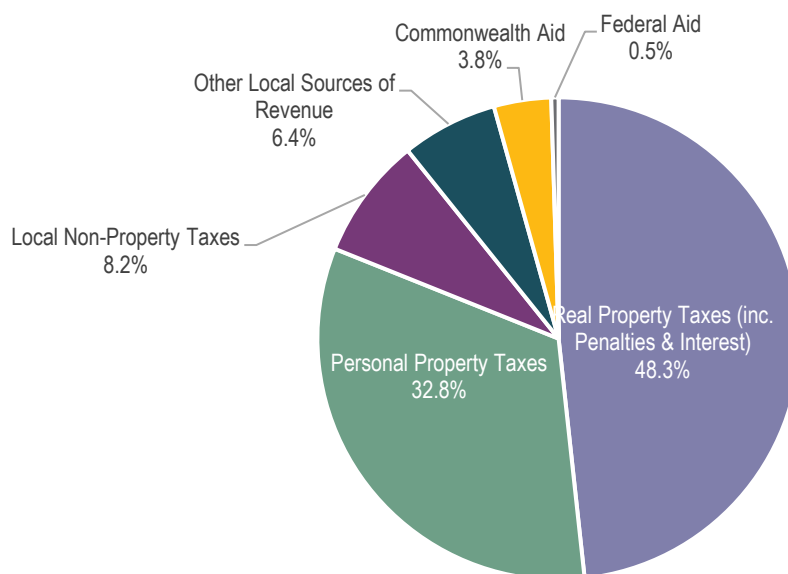




## General Fund Revenue and Trends

The General Fund is one of multiple funds that exist within the County's accounting and budgeting systems. It is the largest fund in terms of dollars; and it is the primary financing source for annual appropriations related to the ordinary, jurisdiction-wide operations of County government. "Revenue" in the General Fund consists of money that goes directly to the Fund when realized by the County and money initially appropriated in other funds that are transferred into the General Fund during the fiscal year. There are five major categories of General Fund Revenue: General Property Taxes (81 percent), which is comprised of both real and personal property taxes; Local Non-Property Taxes (8.2 percent); Other Local Sources of Revenue (6.4 percent); Commonwealth Aid (3.8 percent), and Federal Aid (<1 percent). The chart below shows the percentage contribution of each of five categories to FY 2024 Proposed General Fund Revenue.

### FY 2025 Proposed Budget General Fund Revenue



The County's Revenue Committee reviews estimates of all local tax revenues. The Revenue Committee also reviews projected revenues from several non-tax sources that contribute substantial amounts of revenue to the General Fund (e.g., building permits, court fines, and interest on investments). The Revenue Committee consists of the Commissioner of the Revenue, the County Treasurer, the Clerk of the Circuit Court, the Chief Financial Officer, and representatives of several County operating departments.

The following table<sup>1</sup> presents the five major General Fund revenue categories and related subcategories. The pages that follow present historic and adopted revenues for each subcategory at a greater level of detail along with brief descriptions of each. The descriptions are general in nature and include main features only. Readers should refer to the statutory references provided or the County website for additional details. The actual amounts shown for Total General Fund Revenue for past years may exceed the corresponding values reported in the County's Annual Comprehensive Financial Report (ACFR). The ACFR does not classify inter-fund transfers (here included within 'Other Financing Sources') or proceeds from asset sales (here included in 'Miscellaneous') as revenue.

<sup>1</sup>In all tables in this chapter, the sum of the individual revenue lines may not equal the totals due to rounding.



## General Fund Revenue Summary

### General Fund Revenue Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
<b>General Property Taxes</b>					
Real Property	\$953,596,486	\$995,416,998	\$1,081,502,630	\$1,132,363,700	\$1,297,453,800
Personal Property	565,380,100	681,555,359	807,463,630	782,658,000	890,315,635
Penalties & Interest	14,806,743	15,029,246	15,268,007	11,750,000	12,990,000
<b>Total General Property</b>	<b>\$1,533,783,329</b>	<b>\$1,692,001,602</b>	<b>\$1,904,234,267</b>	<b>\$1,926,771,700</b>	<b>\$2,200,759,435</b>
<b>Local Non-Property Taxes</b>					
Sales & Use Taxes	\$90,053,162	\$104,544,712	\$111,102,806	\$113,100,000	\$116,354,650
Consumers Utility Taxes	21,939,876	22,757,789	23,094,242	22,220,400	24,394,500
Business License (BPOL)	41,766,152	46,676,878	54,047,566	49,943,000	55,903,900
Franchise Fees & Misc.	34,363,051	31,993,544	25,489,806	24,895,000	24,988,100
<b>Total Non-Property Taxes</b>	<b>\$188,122,240</b>	<b>\$205,972,923</b>	<b>\$213,734,420</b>	<b>\$210,158,400</b>	<b>\$221,641,150</b>
<b>Total Local Tax Revenue</b>	<b>\$1,721,905,569</b>	<b>\$1,897,974,525</b>	<b>\$2,117,968,687</b>	<b>\$2,136,930,100</b>	<b>\$2,422,400,585</b>
<b>Budget - Real Property Share of General Fund Local Tax Revenue</b>				<b>53.0%</b>	<b>53.6%</b>
<b>Other Local Revenue</b>					
Permits, Fees, & Licenses	\$22,945,387	\$24,729,516	\$24,350,515	\$27,698,050	\$26,519,050
Fines & Forfeitures	1,263,916	1,662,929	1,729,355	1,515,300	1,514,700
Use of Money & Property	9,429,784	(3,930,342)	39,588,978	24,356,258	33,333,379
Charges for Services	23,571,362	35,599,703	38,661,634	43,972,257	46,169,353
Miscellaneous Revenue	21,571,983	10,259,912	4,495,557	708,632	270,300
Recovered Costs	10,268,082	9,622,592	12,178,989	10,260,720	9,919,450
Other Financing Sources	3,745,847	1,639,554	1,391,204	41,194,465	56,858,974
<b>Total Other Local Revenue</b>	<b>\$92,796,361</b>	<b>\$79,583,864</b>	<b>\$122,396,232</b>	<b>\$149,705,682</b>	<b>\$174,585,206</b>
<b>Total Local Revenue</b>	<b>\$1,814,701,930</b>	<b>\$1,977,558,389</b>	<b>\$2,240,364,919</b>	<b>\$2,286,635,782</b>	<b>\$2,596,985,792</b>
<b>Commonwealth Aid</b>					
Non-Categorical	\$56,634,953	\$60,188,289	\$59,432,311	\$57,571,700	\$60,637,700
Shared Expenses	17,252,286	18,621,696	20,732,594	20,763,542	23,263,812
Categorical – Unrestricted	2,308,711	2,410,857	2,562,729	2,314,135	2,314,135
Categorical – Restricted	12,349,041	16,097,950	15,573,169	17,712,105	18,068,659
<b>Total Commonwealth Aid</b>	<b>\$88,544,991</b>	<b>\$97,318,792</b>	<b>\$98,300,803</b>	<b>\$98,361,482</b>	<b>\$104,284,306</b>
<b>Federal Aid</b>					
Payment in Lieu of Taxes	\$3,559	\$3,646	\$3,906	\$3,550	\$3,550
Categorical Aid	88,691,214	35,066,993	20,706,116	12,567,010	13,210,045
<b>Total Federal Aid</b>	<b>\$88,694,773</b>	<b>\$35,070,639</b>	<b>\$20,710,022</b>	<b>\$12,570,560</b>	<b>\$13,213,595</b>
<b>Total General Fund</b>	<b>\$1,991,941,695</b>	<b>\$2,109,947,820</b>	<b>\$2,359,375,744</b>	<b>\$2,397,567,824</b>	<b>\$2,714,483,693</b>



## General Property Taxes

### General Property Taxes

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
<b>Real Property Taxes</b>					
Current Real Property Taxes	\$932,663,364	\$974,531,661	\$1,064,394,423	\$1,118,773,100	\$1,289,209,600
Real Property – Rollback	2,166,732	4,159,521	1,705,288	0	0
Relief for Elderly & Disabled <sup>1</sup>	(13,658,035)	(8,140,918)	(13,391,631)	(9,050,000)	(9,616,500)
Relief for Disabled Veterans <sup>1</sup>	0	(6,869,647)	(4,451,166)	(9,475,000)	(15,783,000)
Payment in Lieu of Taxes	256,700	271,600	286,900	288,100	304,400
<b>Total – Real Property Taxes</b>	<b>\$921,428,761</b>	<b>\$963,952,217</b>	<b>\$1,048,543,813</b>	<b>\$1,100,536,200</b>	<b>\$1,264,114,500</b>
<b>Public Service Corp. Property Taxes</b>					
PSC Real Property Taxes <sup>2</sup>	\$32,167,726	\$31,464,781	\$32,958,817	\$31,827,500	\$33,339,300
PSC Vehicle Taxes	66,199	100,636	86,933	92,300	106,287
<b>Total – PSC Property Taxes</b>	<b>\$32,233,924</b>	<b>\$31,565,417</b>	<b>\$33,045,751</b>	<b>\$31,919,800</b>	<b>\$33,445,587</b>
<b>Personal Property Taxes</b>					
Aircraft Taxes	\$41,741	\$42,437	\$56,225	\$45,500	\$64,600
Computer Equipment <sup>3</sup>	173,880,875	9,902,573	16,370,370	7,263,000	8,449,426
Comp. Equip. Data Centers <sup>3</sup>	214,973,088	466,183,383	581,550,433	560,853,000	666,013,594
Furniture & Fixtures	38,323,105	41,643,451	43,572,949	41,782,000	40,343,857
Heavy Equipment Taxes	2,148,339	1,924,468	1,841,155	1,975,000	1,808,000
Machinery & Tools Taxes	2,107,824	2,054,955	2,026,308	2,100,000	2,070,500
Mobile Home Taxes	8,082	17,372	18,305	17,600	18,200
Satellite Mfg. Equipment	4,488	4,459	5,119	4,000	6,000
Vehicle Taxes	133,769,796	159,621,377	161,860,815	168,506,300	171,421,571
Broadband Wireless Bus. Eq.	11,863	14,848	15,018	19,300	13,600
Out-of-State License Tax	44,700	45,400	60,000	0	0
<b>Total – Personal Property</b>	<b>\$565,313,901</b>	<b>\$681,454,722</b>	<b>\$807,376,696</b>	<b>\$782,565,700</b>	<b>\$890,209,348</b>
<b>Penalties &amp; Interest</b>					
Property Tax Penalties	\$10,735,353	\$11,112,080	\$11,810,438	\$8,750,000	\$10,263,000
Property Tax Interest	3,961,890	3,806,916	3,314,319	3,000,000	2,727,000
Out-of-State Lic. Tax Penalty	109,500	110,250	143,250	0	0
<b>Total – Penalties &amp; Interest</b>	<b>\$14,806,743</b>	<b>\$15,029,246</b>	<b>\$15,268,007</b>	<b>\$11,750,000</b>	<b>\$12,990,000</b>

<sup>1</sup> Beginning Tax Year 2022, the tax relief program for the elderly and disabled will be reported separately from the program for veterans and their spouses. Beginning in FY 2023, the budget is also reported separately.

<sup>2</sup> All PSC personal property other than motor vehicles is taxed at the real property tax rate and included in the PSC Real Property total.

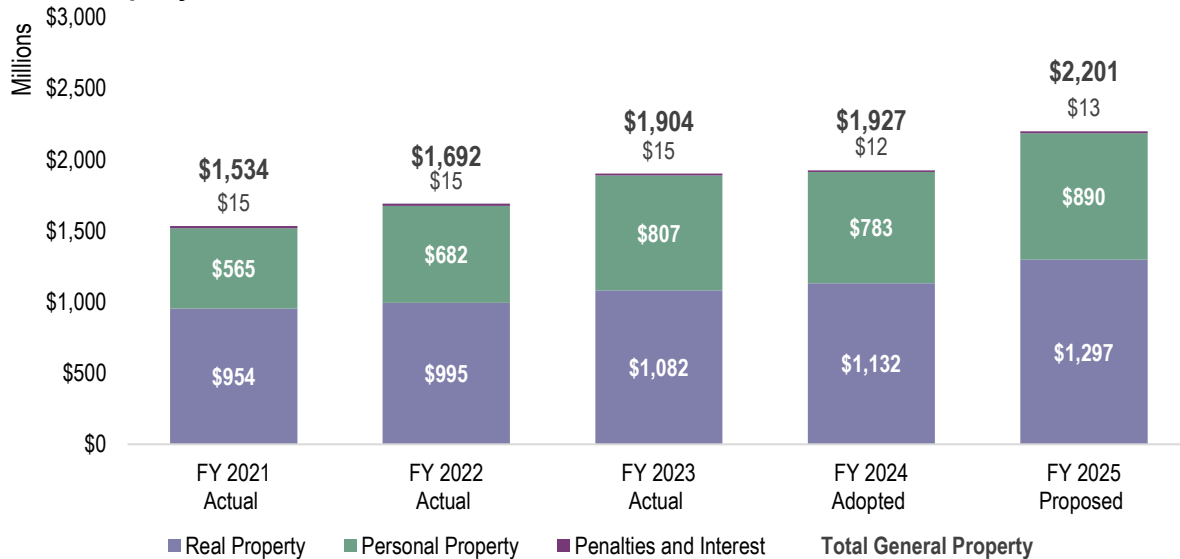
<sup>3</sup> Beginning Tax Year (TY) 2021, computer equipment tax revenue specifically from data centers is reported separately. Beginning FY 2022, the budget is also reported separately.



## General Property Taxes

Total – Gen. Property Taxes	\$1,533,783,329	\$1,692,001,602	\$1,904,234,267	\$1,926,771,700	\$2,200,759,435
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### General Property Tax Revenue



### Real Property Taxes

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Virginia § 58.1-3200 et seq.; Loudoun County Ordinances § 4-860, 864, 870, and 872.
- **Description** – All land, structures, improvements, mineral deposits, and timber which are not exempted by State law are subject to local taxation at 100 percent of the fair market value as of January 1 of the calendar year for which the tax is levied. The methods used to arrive at fair market value must comport with State law. Taxable real property includes the value of leasehold interests and concessions located on land that is exempt from property tax. Exempt real property includes government-owned real estate, property devoted to religious purposes, and property meeting certain other eligibility criteria specified in the Code of Virginia, including ownership by elderly and disabled individuals or disabled military veterans. As of January 1, 2024, an estimated 7.84 percent or \$12.6 billion of the County’s real property assets qualified for tax exemption, slightly greater than the prior tax year. Real property utilized for agricultural purposes may qualify for the County’s land use program. Under this program the property tax due on the difference between the fair market value of the land in its highest and best use and its value in agriculture, horticulture, or open space use is deferred until such time as the property is subdivided, re-zoned to a more intense, non-agricultural use, or no longer utilized for a qualifying purpose. Such conversion requires the payment of deferred taxes (plus interest) for the past five years (shown as Rollback revenue in the above table). As of January 2024, the County’s land use program permitted deferral of taxes on approximately \$1.566 billion or less than 1 percent of Loudoun’s taxable real property. Tax is also not levied on the difference between the “use value” and the fair market value of land subject to permanent easement and such property is not subject to rollback taxes.
- **Administration** – The Commissioner of the Revenue assesses the fair market value of all real property other than property owned by public service corporations (assessed by the Virginia State Corporation Commission), and the operating property of railroads and interstate pipelines (assessed by the Virginia Department of Taxation). The State Land Evaluation and Advisory Council provides recommended agricultural land values to the Commissioner of the Revenue for use in administering the land use program. Assessments are performed annually with notification of values by mail in February and are subject to appeal. The Treasurer bills and collects real property taxes semiannually with payments due on June 5 and December 5. Owners of new

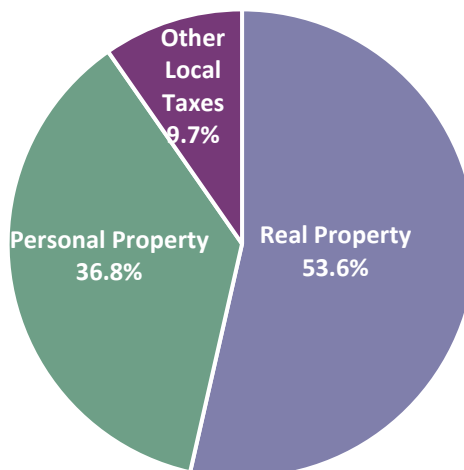


## General Property Taxes

structures or those under construction may receive supplemental tax bills at other times based upon the state of completion with the amount prorated to cover the remaining portion of the calendar year. The Treasurer issues property tax bills and collects the levies.

- **Tax Rate** – The FY 2025 proposed real property tax revenue estimate reflects a real property tax rate of \$0.875 per \$100 of assessed value on and after January 1, 2024, in line with the TY 2023 real property tax rate of \$0.875. During calendar 2023, the Commissioner of the Revenue estimates that apart from the value of new construction and improvements, the fair market value of taxable property that existed in the County at the start of 2023 increased by approximately 8.7 percent. The equalized tax rate (\$0.805) offsets the change in market value of all real property over the previous calendar year that is not attributable to new structures and parcel development, meaning at an equalized tax rate, the same amount of revenue will be generated as that of the prior year<sup>1</sup>. The Board of Supervisors establishes the real property tax rate, which is uniform for all real property in the jurisdiction. By law, any real property tax rate that would yield revenue in the current calendar year that is greater than 101 percent of the revenue levied in the prior year can only be approved after public notice and a public hearing. Historic real property tax rates are shown in the table on page R-8. The County also establishes special tax districts, each with its own special tax levy and associated special district fund. The table on page R-9 also shows real property tax rates for the special purpose tax districts. Owners of non-exempt real property within a special tax district pay the special levy in addition to the general property tax; the special levy revenue is dedicated to the specific purpose for which the tax district was created.
- **Supplemental Information** – Additional information on the real property tax revenue forecast appears in the last section of the chapter entitled ‘Forecast Discussion and Analysis’.

To manage the risk to the General Fund of increasing personal property taxes, specifically because so much of personal property tax revenue is generated by a single industry (data centers), staff recommended in October 2021<sup>2</sup> that the Board adopt a tax revenue policy that is meant to manage the relationship between real property tax revenue and personal property tax revenue. Over the past 10 years, the share of the General Fund local tax revenue coming from real property has decreased from 74 percent in FY 2013 to 51.5 percent in the FY 2022 Adopted Budget. Over the long-term, staff recommends real property tax revenue approach 60 percent of total General Fund local taxes and, for FY 2025, that no less than 51.5 percent of General Fund local tax revenue comes from real property taxes. While no formal policy has been adopted, the FY 2025 Proposed Budget is consistent with these recommendations. Real property tax revenues account for 53.6 percent of total local tax revenue in the FY 2025 Proposed Budget for the General Fund.



<sup>1</sup> Equalized rate as calculated based on the Commissioner of the Revenue’s January 22, 2024 Assessment Summary.

<sup>2</sup> October 12, 2021, Finance/Government Operations and Economic Development Committee – Item # 13, FY 2023 Budget Development: General Fund Tax Revenue Policy



## General Property Taxes

Real Property Tax Relief – Foregone Revenue <sup>1</sup>	Tax Year 2021 Actual	Tax Year 2022 Actual	Tax Year 2023 Prelim	Tax Year 2024 Est.	Tax Year 2025 Est.
Elderly & Disabled	\$8,155,554	\$8,267,090	\$8,691,000	\$9,294,000	\$9,939,000
Disabled Veterans/KIA Spouse	5,055,330	7,372,966	10,162,000	13,608,000	17,959,000
<b>Total – Real Property Tax Relief</b>	<b>\$13,210,884</b>	<b>\$15,640,057</b>	<b>\$18,853,000</b>	<b>\$22,902,000</b>	<b>\$27,898,000</b>

### Real Property Tax Relief

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Virginia § 58.1-3210 et seq., § 58.1-3219.5 et seq.; Loudoun County Ordinances § 4-872.
- **Description** –  
Elderly and Disabled – Real property owners who are at least 65 years of age or who are totally and permanently disabled may qualify for 100 percent relief from the tax on their principal residence and up to three acres of land provided their total combined (i.e., including their spouse and relatives residing in the home) income and financial net worth (excluding the value of the home and up to 10 acres) are less than \$77,000 and \$440,000, respectively. Effective January 1, 2019 (TY 2019), four new eligibility brackets were created expanding exemption to owners with a net worth up to \$920,000; income limits vary for each bracket. Such property owners may qualify for 50 percent tax relief provided their income does not exceed the limit associated with their net worth.  
Disabled Veterans & Spouses – Military veterans having 100 percent service-connected, total and permanent disability may qualify for 100 percent property tax exemption irrespective of their financial status. The surviving spouse of a disabled veteran is also eligible for real property tax exemption if the veteran died after December 31, 2010, the surviving spouse maintains the property as a principal residence, and he or she does not remarry. There are no income requirements for veteran real property tax relief programs.  
Killed in Action – Beginning January 1, 2015, State law provides local property tax exemption on the primary residence of the surviving spouse of a service member killed in action. There are no income requirements for this tax relief.
- **Administration** – The Commissioner of the Revenue administers applications for and determines eligibility for real property tax relief. Application forms and additional information are available on the Loudoun County website. Tax relief is provided on a tax year basis. Tax relief for disabled veterans and surviving spouses of those killed in action can be applied retroactively as far back as 2011; the actual date is determined by the date of their disability rating or the purchase of the home, whichever is later.
- **Tax Rate** – The real property tax revenue foregone due to these exemptions is calculated using the real property tax rate in effect at the time.

### Personal Property Taxes

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Virginia § 58.1-3500 et seq.; Loudoun County Ordinances § 4-860, 864, and 873.
- **Description** – This tax applies to 100 percent of the fair market value of all tangible personal property as of January 1 of the calendar year for which the tax is levied. For business personal property, assessment factors are applied to the original cost values to determine the approximated current value of property for the purposes of taxation. Tangible personal property includes all personal property not classified as intangible (e.g., computer software, accounts receivable, equipment used in manufacturing), merchant's capital (e.g., inventory of stock for sale, daily rental motor vehicles), or as short-term rental property. State law establishes a set of personal property categories for the purpose of assessing value and another set of categories for applying tax rates. Different valuation methods may be used for different classes of property, but the same method must be used for all types of property within the same category. Likewise, the same tax rate must be

<sup>1</sup> Tax relief amounts for TY 2021 through TY 2023 are as of January 22, 2024. TY 2024 and TY 2025 estimates are based on the adopted and proposed budgets for FY 2024 and FY 2025, respectively.





## General Property Taxes

applied to all personal property within a given tax category. This procedure ensures that the same amount of tax will be collected from similar types of personal property having equal value, thereby promoting uniformity. State law also provides for exemptions from the personal property tax under specified conditions and for tax rates below the general personal property tax rate for certain categories of personal property. The largest categories of personal property in Loudoun County are motor vehicles and computer equipment.

- **Administration** – Loudoun’s Commissioner of the Revenue determines the value of all tangible personal property other than property owned by public service corporations (which is assessed by the Virginia State Corporation Commission). Vehicle owners are required to file a personal property tax return with the Commissioner of the Revenue within 60 days of acquiring or bringing such property into Loudoun County or one of its seven incorporated towns. Thereafter, vehicle owners are required to report any changes annually by February 1. Owners of business tangible personal property are required to file annual declarations by March 1 identifying the volume description, and cost of all tangible personal property in Loudoun as of January 1. Loudoun’s Treasurer bills and collects the personal property tax semiannually with payments due by May 5 and October 5 for property located in Loudoun on January 1. Unlike vehicle taxes, business personal property taxes are not pro-rated for equipment not in place as of January 1.
- **Tax Rate** – The table on the following page shows historic and current personal property tax rates applicable to the tangible personal property sub-categories shown in the previous table. For sub-categories, the general personal property tax rate applies unless indicated otherwise. The table of tax rates also shows the rates applicable to more specific property categories (e.g., motor vehicles owned by volunteer fire and rescue personnel) that are included in the categories reported in the revenue table.
- **Supplemental Information** – Additional information regarding the derivation of the forecast of personal property tax revenues appears at the end of the chapter in the section labelled ‘Forecast Discussion and Analysis’.

**General Property Taxes****Real and Personal Property Tax Rates by Tax Year (Calendar Year)****\$Tax per \$100 Assessed Value**

<b>Taxable Real Property</b>	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>	<b>CY 2023</b>	<b>CY 2024</b>
Real Property – General	1.035	0.980	0.890	0.875	0.875
Public Service Corporation (PSC) Property	1.035	0.980	0.890	0.875	0.875
Route 28 Highway Transportation Improvement District	0.170	0.170	0.170	0.160	0.160
Metrorail Service Tax District	0.200	0.200	0.200	0.200	0.200
Loudoun Gateway-Airport Station Service Tax District	0.000	0.000	0.000	0.000	0.000
Ashburn Station Service Tax District	0.000	0.000	0.000	0.000	0.000
Real Property – Owned by Surviving Spouses of Certain Persons Killed in the Line of Duty <sup>1</sup>	n/a	n/a	0.010	0.010	0.010
<b>Taxable Personal Property</b>	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>	<b>CY 2023</b>	<b>CY 2024</b>
Personal Property – General (including vehicles/PSC vehicles)	4.200	4.200	4.200	4.150	4.150
Furniture & Fixtures <sup>2</sup>	4.200	4.200	4.200	4.150	4.150
Computer Equipment <sup>2</sup>	4.200	4.200	4.200	4.150	4.150
Special Fuels Vehicles <sup>2</sup>	4.200	4.200	4.200	4.150	4.150
Vehicles Powered Solely by Electricity <sup>2</sup>	4.200	4.200	4.200	4.150	4.150
Wireless Broadband Equipment	2.100	2.100	2.100	2.100	2.100
Heavy Construction Machinery	4.000	4.000	4.000	4.000	4.000
PSC Personal Property – General (Excl. Vehicles & Aircraft) <sup>3</sup>	1.035	0.980	0.890	0.875	0.875
PSC Personal Property – Aircraft Only	0.010	0.010	0.010	0.010	0.010
Aircraft, Flight Simulators	0.010	0.010	0.010	0.010	0.010
Eligible Vehicles – Fire and Rescue Services & Sheriff's Auxiliary	0.010	0.010	0.010	0.010	0.010
Eligible Vehicle – Permanently Qualifying Disabled Veteran <sup>4</sup>	0.010	n/a	n/a	n/a	n/a
Vehicles of Active Virginia Defense Force	0.010	0.010	0.010	0.010	0.010
Vehicles Specially Equipped for Handicapped Transport	0.010	0.010	0.010	0.010	0.010
Vehicles of Eligible Elderly and Handicapped	2.100	2.100	2.100	2.100	2.100
Four-Wheeled Electrically Powered Low Speed Vehicles	0.010	0.010	0.010	0.010	0.010
Mobile Homes Used as Residences (Manufactured Homes) <sup>3</sup>	1.035	0.980	0.890	0.875	0.875
Machinery and Tools	2.750	2.750	2.750	2.750	2.750
Used in a Research and Development Business <sup>5</sup>	2.750	2.750	2.750	2.750	2.750
Interstate Motor Carrier <sup>5</sup>	2.750	2.750	2.750	2.750	2.750
Satellite Manufacturing Equipment <sup>5</sup>	0.010	0.010	0.010	0.010	0.010

Unless otherwise noted, personal property tax rates are limited to a maximum of the general property tax rate.

<sup>1</sup> In December 2022, the Board of Supervisors established this new classification of real property. The 2023 General Assembly is considering legislation that would exempt this property from taxation.

<sup>2</sup> While identified separately above, a separate classification for the purposes of taxation has not been established by the Board; such property is taxed at the general property tax rate.

<sup>3</sup> Manufactured homes and personal property of PSCs other than vehicles and aircraft are taxed at the real property tax rate.

<sup>4</sup> The Constitution of Virginia provides for an exemption from taxation on one vehicle owned by a 100 percent, service-connected, permanent, and totally disabled veteran effective January 1, 2021.

<sup>5</sup> The tax rates for personal property used in a research and development business, interstate motor carrier, and satellite manufacturing equipment cannot, by Code of Virginia, be taxed at a rate higher than the rate on Machinery and Tools.



## Local Non-Property Taxes

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
Sales and Use Tax	\$90,033,119	\$102,540,115	\$107,379,178	\$109,300,000	\$114,149,650
Motor Vehicle Sales & Use	20,043	25,892	19,941	0	0
Cigarette Tax	0	1,978,706	3,703,688	3,800,000	2,205,000
<b>Total – Sales and Use</b>	<b>\$90,053,162</b>	<b>\$104,544,712</b>	<b>\$111,102,806</b>	<b>\$113,100,000</b>	<b>\$116,354,650</b>

### Consumers Utility

Electric – State	\$2,881,340	\$3,515,449	\$4,234,214	\$3,802,000	\$4,534,800
Natural Gas – State	256,282	256,379	246,546	263,000	255,000
Electric – Local	6,458,385	6,600,348	6,610,911	6,666,000	7,080,200
Natural Gas – Local	2,597,154	2,620,636	2,657,051	2,673,000	2,783,500
Communication Tax – State	8,562,964	8,311,275	8,070,058	7,326,400	8,364,000
PSAP E-911	1,183,750	1,453,701	1,275,463	1,490,000	1,377,000
<b>Total – Utility Taxes</b>	<b>\$21,939,876</b>	<b>\$22,757,789</b>	<b>\$23,094,242</b>	<b>\$22,220,400</b>	<b>\$24,394,500</b>

### Business License (BPOL)

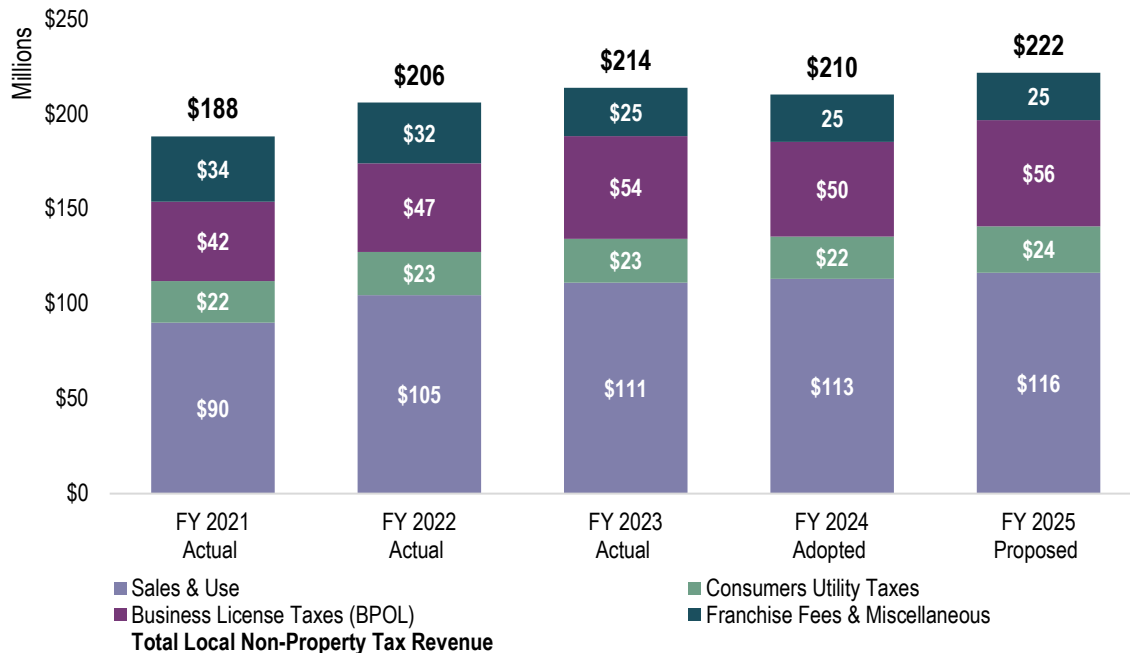
Amusements	\$78,982	\$132,690	\$138,837	\$135,000	\$140,300
Business Svc Occupations	11,831,521	12,117,017	14,851,107	13,277,000	15,285,200
Business Svc Aircraft Lease	11,984	17,759	16,936	10,000	10,100
Business Svc Computer Info	8,148	10,627	(309,043)	0	0
Federal R&D	9,734	49,476	41,545	22,000	22,100
Personal Svc Occupations	1,870,793	2,247,389	2,857,576	2,337,000	2,818,800
Contractors & Contracting	10,620,345	11,211,480	13,323,551	11,550,000	13,706,100
Hotels and Motels	182,992	216,297	488,973	325,000	402,000
Professional & Specialized	3,521,281	4,257,022	4,340,388	4,517,000	4,626,800
Renting by Owner	3,165,819	3,372,896	3,897,954	4,004,000	4,277,500
Repair Service Occupation	445,293	493,468	1,033,942	500,000	812,000
Retail Merchant	7,290,091	9,364,629	10,559,124	10,020,000	10,626,600
Retail Merchant Cert STR	172,068	195,841	270,013	214,000	279,400
Wholesale Merchant	527,969	676,096	816,838	600,000	744,300
Money Lenders	707,332	714,104	630,623	743,000	754,700
Coin Operated Machines	750	1,350	1,200	0	0
Fortune Tellers and Related	1,000	500	1,000	0	0
Itinerant Merchants	11,000	8,000	8,500	10,000	10,100
Professional Bondsmen	50	0	(50)	0	0
Other Business	246,175	401,123	71,619	373,000	224,100
Satellite Imaging Services	422	60	60	0	0
Going out of Business Sales	130	0	0	0	0
Mixed Beverage Licenses	77,100	69,430	70,000	77,000	63,300



## Local Non-Property Taxes

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
Public Svc. Corp. License Tax	590,895	693,491	483,330	700,000	703,500
Penalties & Interest	394,278	426,133	453,542	529,000	397,000
<b>Total – BPOL</b>	<b>\$41,766,152</b>	<b>\$46,676,878</b>	<b>\$54,047,566</b>	<b>\$49,943,000</b>	<b>\$55,903,900</b>
<b>Franchise Fees and Miscellaneous</b>					
Motor Vehicle License Fee	\$7,295,780	\$7,370,675	\$7,479,950	\$7,518,000	\$7,766,900
Bank Franchise Tax	2,216,613	1,946,620	2,204,986	2,000,000	2,000,000
Recordation Tax	23,022,382	19,734,753	12,058,863	12,000,000	11,092,000
Tax on Wills	59,785	77,387	88,842	50,000	88,500
Transient Occupancy Tax	1,107,912	2,113,444	2,832,805	2,500,000	3,193,000
Short-Term Rental (STR) Tax	660,578	750,665	824,360	827,000	847,700
<b>Total – Franchise Fees &amp; Misc.</b>	<b>\$34,363,051</b>	<b>\$31,993,544</b>	<b>\$25,489,806</b>	<b>\$24,895,000</b>	<b>\$24,988,100</b>
<b>Total Non-Property Taxes</b>	<b>\$188,122,240</b>	<b>\$205,972,923</b>	<b>\$213,734,420</b>	<b>\$210,158,400</b>	<b>\$221,641,150</b>

**Note:** The descriptions of local taxes that follow are general in nature and include main features only. Readers should refer to the statutory references provided or the County website for additional details.



### Sales and Use Tax

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 58.1-605 et seq.; Loudoun County Ordinance adopted May 24, 1966 (uncodified).



## Local Non-Property Taxes

- Description** – A general tax of one percent on the retail price of non-exempt goods and services purchased for use within Loudoun County to provide revenue for the general fund. This tax is also referred to as the one percent local option tax because state law gives counties and cities the option of levying this tax within their jurisdictions. The revenue reported in the above table represents only the County's share (currently around 91 percent) of the revenue collected in each fiscal year. The proceeds of the one percent sales and use tax are allocated between the Loudoun County government and the towns located within the county based on school age population. As a result of the Supreme Court's June 2018 decision in *South Dakota v. Wayfair*, states may require out-of-state sellers with no physical presence in the state to collect sales and use tax. This requirement took effect in Virginia July 1, 2019 (FY 2020).
- Administration** – The tax is collected by businesses from the consumer at the time of sale (or lease) and remitted to the Tax Commissioner of the Commonwealth of Virginia by the 20th day of the month following its collection. The Tax Commissioner deposits the funds into an account administered by the State Comptroller who distributes the proceeds to each county or city. The distribution of tax proceeds collected for a given month generally occurs during the first few days of the second calendar month following the month of collection. The Commonwealth's Auditor of Public Accounts regularly audits the tax collection process. Any errors detected in past distributions are corrected via deductions from future distributions.
- Tax Rate** – The total sales and use tax rate in Loudoun County is 6 percent which includes a 4.3 percent state tax, a 0.70 percent regional tax, and a 1.0 percent local option sales and use tax on any non-exempt retail good or service sold or used (i.e., consumed or stored) within the County. This chapter focuses on the local option sales and use tax which is a General Fund revenue. The regional tax is directed to the Northern Virginia Transportation Authority (NVTa); the regional and state taxes are not reflected in the tables of this chapter. Of the regional tax, 30 percent of collections attributed to Loudoun County are distributed back to the County. This is one component of the NVTa 30 percent funding source in the Six-Year Capital Improvement Program. Historically, sales of food for home consumption and personal hygiene products (effective January 1, 2020) were taxed at a reduced rate of 2.5 percent (1.5 percent state and 1.0 percent local option). Effective January 1, 2023, these products are taxed at a reduced rate of 1.0 percent reflecting only the local option sales and use tax.
- Supplemental Information** – Sales and Use Tax revenue tends to grow over time at a rate commensurate with the percentage change in the number of households in the County plus the rate of consumer price inflation, which impacts the prices of the goods and service purchases to which the tax applies. During economic recessions consumers tend to economize on purchases of goods and services which can cause this revenue to decline. Refunds and/or receipts resulting from audits of prior year collections can significantly impact reported revenue in any given year.

## State Taxes on Retail Electricity and Natural Gas Consumption

- Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 58.1-2900 – 2907; Loudoun County Ordinances not applicable.
- Description** – Taxes levied by the Commonwealth on electricity and on natural gas consumed by retail utility customers in Loudoun County. Electricity consumption is measured in kilowatt-hours (kWh); natural gas consumption is measured in units of 100 cubic feet (CCF). The per-kWh tax rate and the per-CCF tax rate each consists of three components: a state component, a local component, and a special regulatory component. Loudoun only receives revenue from the local component.
- Administration** – These taxes appear as separate charges on the monthly bills of retail electric and natural gas utility customers. The utilities (or their billing agent) collect the tax and remit the local portion of the tax proceeds to the Loudoun County Treasurer by the last day of the month following the month of collection.



## Local Non-Property Taxes

- **Tax Rate** – The local portion of the natural gas consumption tax is \$0.004 per CCF on the first 500 CCF consumed in a month. The local portion of the electric consumption tax is based varies by use and is shown below.

First 2,500 kWh per month	Next 47,500 kWh per month	Excess of 50,000 kWh per month
\$0.00038/kWh	\$0.00024/kWh	\$0.00018/kWh

- **Supplemental Information** – These taxes became effective on January 1, 2001, and replaced the state gross receipts tax and the local license tax on electric and gas utilities.

### Local Taxes on Retail Electricity and Natural Gas Consumption

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 58.1-3812 et seq.; Loudoun County Ordinances § 4-844.
- **Description** – Taxes levied by Loudoun County on electricity and on natural gas consumed by retail utility customers in Loudoun County outside of towns which impose their own levy on these services. Monthly electricity use is measured in kilowatt-hours (kWh); natural gas consumption is measured in units of 100 cubic feet (CCF). The tax rate varies according to the characteristics of the service.
- **Administration** – These local taxes on utility services appear on the monthly retail bills of consumers and are collected by the utility service providers (or their billing service) who remit the proceeds to the locality.
- **Tax Rate** – Tax rates for individually metered non-interruptible service are as follows:

Type of Utility/Service	Rate	Max Tax Per Month
Natural Gas Residential	\$0.63 per month plus \$0.06485 per CCF delivered	\$2.70
Natural Gas Commercial	\$0.676 per month plus \$0.0304 per CCF delivered	\$72.00
Natural Gas Group Metered Apartments	\$0.63 per month plus \$0.00032 per CCF delivered	\$2.70
Natural Gas Interruptible	\$8.00 per month plus \$0.00094 per CCF delivered	\$72.00
Electric Residential	\$0.63 per month plus \$0.006804 per kWh	\$2.70
Electric Commercial	\$0.92 per month plus \$0.005393 per kWh	\$72.00

- **Supplemental Information** - The \$2.70 monthly limit for the residential tax corresponds to 304 kWh for electricity and 32 CCF for natural gas. These levels are sufficiently low that nearly all residential users should pay the maximum tax each month irrespective of weather conditions and the resulting space conditioning demand. The same is not necessarily true for the commercial segment with maximum taxable levels of 13,180 kWh and 2,326 CCF. Some smaller commercial establishments may only reach these levels under extreme temperatures.

### State Communications Tax

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 58.1-648 et seq.; Loudoun County Ordinances not applicable.
- **Description** – The Communications Tax refers to a set of levies imposed by the Commonwealth on various communication services sourced to Virginia. The sales and use tax applies to a host of communications services, including landline, wireless, and satellite phone services; teleconferencing services, voice-over-internet protocol; and 800 number services.
- **Administration** – Communication service providers collect the taxes from their customers each month and remit the proceeds to the Virginia Department of Taxation. The Department of Taxation then distributes the revenues to localities. Loudoun receives a fixed percentage (2.78 percent) of Commonwealth collections for state-wide communications taxes less an administrative fee.
- **Tax Rate** – The communications sale and use tax is 5 percent.



## Local Non-Property Taxes

- **Supplemental Information** – Communications Tax revenues have not increased over time for two main reasons: a growing number of cell phone subscribers have discontinued landline phone service and more consumers are choosing streaming services as an alternative to cable television.

### PSAP E-911 Tax

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 56.1-484.12–56.1-484.18; Loudoun County Ordinances are not applicable.
- **Description** – A surcharge imposed on each end user of wireless communications services. End users that are government agencies are exempt. The proceeds are used to support 911 emergency call centers.
- **Administration** – Communications service providers collect the tax each month from end users in Virginia and remit the proceeds to the Virginia Department of Taxation which then distributes 60 percent of the proceeds to localities to support their respective emergency call center or “public safety answering point” (PSAP).
- **Tax Rate** – The tax is \$0.82 per month on each wireless end user having service that is billed monthly and a one-time \$0.55 charge on wireless end users having pre-paid service.
- **Supplemental Information** – Loudoun currently receives 3.7818 percent of the funds distributed to localities in Virginia from this tax. The State’s E-911 Services Board reviews the allocation formula every five years with recommended changes, which are then subject to legislative approval. The last review was in 2023.

### Business & Professional License Tax (BPOL)

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 58.1-3700 et seq.; Loudoun County Ordinances § 2-839 & § 4-840.
- **Description** – The County levies this tax annually on the prior-year gross receipts of all businesses located within the County, including home-based businesses having annual gross receipts exceeding \$10,000. These businesses must register their business with the Commissioner of the Revenue within 30 days of commencing operations and must renew their license every year. Each registered business is assigned to a classification, each with its own rate of tax. The County may not impose this tax on a business located within a town that imposes its own version of this tax unless the town authorizes the county to do so.
- **Administration** – The tax is assessed by the Commissioner of the Revenue and paid to the Treasurer. Business owners are required to file their annual tax return and make payment by March 1 of each year.
- **Tax Rate** – The gross receipts tax for the first year of operation is \$30 (except for contractors headquartered outside the County who are taxed on their estimated first-year gross receipts on business within the County). Businesses in operation for more than one year and having gross receipts not exceeding \$200,000 also pay \$30 in tax. Most other registered businesses pay tax on a rate per \$100 of gross receipts according to their business classification. Several classes are subject to flat rates independent of their gross receipts. The table on the next page shows the rates for each classification.
- **Supplemental Information** – Business registration fees are included as BPOL revenue within each business class and are not reported as a separate revenue item.





## Local Non-Property Taxes

Business Class	Tax Rate	Business Class	Tax Rate
Amusements	\$0.21/\$100	Retail Merchant	\$0.17/\$100
Business Service Occupations	0.17/100	Retail Merchant/Cert Short-term Rental	0.20/100
Business Services/Aircraft Lease	0.05/100	Wholesale Merchant	0.05/100
Business Services /Computer Info <sup>1</sup>	0.15/100	Money Lenders	0.16/100
Business Services/Satellite Imaging Svcs.	0.15/100	Coin Operated Machines, <10 machines	150/year
Federal R&D	0.03/100	Coin Operated Machines, 10 or more	200/year
Personal Service Occupations	0.23/100	Fortune Tellers	500/year
Contractors & Contracting	0.13/100	Itinerant Merchants	500/year
Hotels and Motels	0.23/100	Going Out of Business Sale Permits	\$65
Professional & Specialized	0.33/100	Mixed Beverage Licenses	200-500
Renting by Owner	0.16/100	Public Svc. Corporations License	0.50/100
Repair Service Occupation	0.16/100		

### Vehicle License Fee

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 46.2-752 et seq.; Loudoun County Ordinances § 4-852.
- **Description** – Owners of all motor vehicles regularly housed or stored in the County and meant for regular operation on County highways must pay an annual vehicle license fee to the County. Prior to July 1, 2018, vehicle owners were required display a window decal on the vehicle to signify payment of the license fee and personal property taxes. The Board of Supervisors eliminated the decal requirement effective July 1, 2018, but retained the vehicle license fee. Owners of vehicles housed in an incorporated town obtain their decal from the town, if required. Motor vehicles consisting of the inventory of car dealers and vehicles owned by common carriers are exempt.
- **Administration** – Owners must register their vehicle(s) with the Commissioner of the Revenue.
- **Tax Rate** – The annual fee is \$25. On April 10, 2019, the Board approved a \$100 annual license tax on vehicles garaged in the County but failing to display current Virginia license plates and not otherwise exempt from registering the vehicle in Virginia.
- **Supplemental Information** – Limited exceptions exist for active volunteer members of fire departments and rescue squads and certain other public safety personnel.

### Bank Franchise Tax

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 58.1-1200 et seq.; Loudoun County Ordinances § 4-876.
- **Description** – The County imposes an annual tax on the value of each bank's operations within the County but outside of incorporated towns. Federal and State banking regulations require banks to report their assets, liabilities, and equity values at the end of each calendar year. The dollar value of each bank's "net capital" is calculated from this information. "Net capital" is the value of the bank's operations. Banks that operate in multiple states and/or local jurisdictions must allocate their net capital to individual jurisdictions, including Loudoun County, in order to determine the amount of the franchise tax owed.
- **Administration** – Banks must file their annual tax return with the Commissioner of the Revenue by March 1 of each year and pay the tax due to the Treasurer by June 1.

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<sup>1</sup> Except those services exempted by the Internet Trade Freedom Act.





## Local Non-Property Taxes

- **Tax Rate** – The tax rate is 80 percent of the bank franchise tax rate imposed by the Commonwealth which is currently \$1 for every \$100 of franchise value.
- **Supplemental Information** – The value of bank net capital subject to Loudoun’s franchise tax depends on a variety of factors, including bank location decisions, the financial health of banks, and the method of allocating net capital among jurisdictions in which a bank operates. As these factors change over time, the amount of tax collected by the County will change. In Virginia, the net capital of banks operating in multiple jurisdictions was allocated according to the volume of a bank’s deposits originating in each locality. However, a bank that only made loans in Virginia but did not take deposits challenged the practice of equating “bank operations” with “taking deposits” in court and prevailed. By paying this franchise tax, a bank is exempt from paying certain other taxes under Virginia law.

### Recordation Tax

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. §§ 58.1-814, 58.1-3800 et seq.; Loudoun County Ordinances § 4-842.
- **Description** – This tax is levied on the dollar value of all estates, deeds of trust, mortgages, leases, contracts and agreements that are recorded by the Loudoun County Clerk of the Circuit Court.
- **Administration** – The tax is collected by the Clerk of the Circuit Court, who remits the County’s portion of the funds to the County Treasurer.
- **Tax Rate** – Since September 2004, Loudoun’s tax rate has been \$0.083 per \$100 of recorded value. As required by State Code, Loudoun’s rate is one-third of the State’s recordation rate of \$0.25 per \$100 of value.
- **Supplemental Information** – State law provides some exceptions to this tax (e.g., the recording of a deed to which a husband and wife are the only parties). At times of low interest rates, recordation tax revenues often increase as homeowners look to take advantage of the savings that can be gained from refinancing at a lower rate. This is evidenced in the recordation tax revenues of FY 2021 – FY 2022. Staff anticipates revenue to decline in FY 2024-25 as interest rates remain higher than in prior years.

### Taxes on Wills

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 58.1-3805 et seq.; Loudoun County Ordinances § 4-843.
- **Description** – This tax is imposed on the value of a will probated by the Circuit Court and on grants of administration by the Circuit Court involving estates having no will in effect.
- **Administration** – The tax is collected by the Clerk of the Circuit Court, who remits the County’s portion of the funds to the County Treasurer.
- **Tax Rate** – Loudoun’s tax rate has been \$0.033 per \$100 of recorded value. As required by State Code, Loudoun’s rate is one-third of the State’s recordation rate of \$0.10 per \$100 of value.
- **Supplemental Information** – This tax does not apply to estates of \$15,000 or less in value.

### Transient Occupancy Tax

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 58.1-3819 et seq.; Loudoun County Ordinances § 4-878. Code of Virginia § 58.1-1744 (regional TOT).
- **Description** – This tax is imposed on the rental of lodging or sleeping accommodation for fewer than thirty consecutive days by hotels, motels, boarding houses, campgrounds, and other such facilities provided the facility is able to house four or more persons simultaneously. Beginning, September 1, 2021, the tax is imposed on the total price paid by the customer, including any third-party accommodation fees. The County is not authorized to levy this tax within incorporated towns which impose their own transient occupancy tax unless the town allows it to do so.



## Local Non-Property Taxes

- **Administration** – Businesses subject to this tax file a return with the Commissioner of the Revenue in the month following the end of each calendar quarter with the tax proceeds remitted to the County Treasurer.
- **Tax Rate** – The local tax rate is 5 percent of the proceeds from lodging room rental, including accommodation fees. Two-fifths of the revenue accrues to the General Fund and is reflected in this chapter, while the remaining three-fifths is directed to the Restricted Use Transient Occupancy Tax Fund<sup>1</sup>. The Restricted Use Transient Occupancy Tax must be used to promote travel and tourism to the County. Beginning July 2013, an additional 2 percent regional transient occupancy tax was levied on all hospitality facilities within the County bringing the total TOT in Loudoun to 7 percent. Through FY 2018, the proceeds of this regional tax were directed to the NVTa to fund regional and local transportation improvements. Beginning in FY 2019, the regional TOT revenue was remitted from NVTa to the Northern Virginia Transportation Commission to be used for capital expenditures for the Washington Metropolitan Area Transit Authority (WMATA). Effective May 1, 2021, the regional component of the transient occupancy tax was increased to 3 percent by action of the 2021 General Assembly. The current total tax rate is 8 percent although only the 2 percent unrestricted local portion is reflected in this section.
- **Supplemental Information** – This tax does not apply to the use of meeting or conference rooms (§ 58.1-3826). Nor does Loudoun County apply the tax to facilities capable of accommodating fewer than four persons. In 2018, the Board of Supervisors adopted a new chapter to the Codified Ordinances entitled Short-term Residential Rental Registration Ordinance to cover homeowners or long-term leaseholders, etc. who host short-term rentals out of their homes, which is often done through internet-based platforms such as Airbnb. These individuals are required to register annually with the County and to collect and remit TOT taxes from their rental operations.

### Short-Term Rental Tax

- **Legal Authority** – Code of Virginia § 58.1-3510.4 through 58.1-3510.7; Loudoun County Ordinances § 4-880.
- **Description** – This tax is imposed on the rental of short-term rental property, which while tangible would normally be taxable as business personal property. Property normally subject to this tax includes party rental equipment, tools, and clothing rentals. The tax is paid by the person renting the property, not the owner of the business.
- **Administration** – Quarterly tax returns and payments must be filed with the Commissioner of the Revenue with payment to the Treasurer.
- **Tax Rate** – The tax rate is 1.0 percent of the proceeds from short-term rentals in addition to the Virginia state sales tax.
- **Supplemental Information** – This tax does not apply to the daily rental of passenger vehicles.

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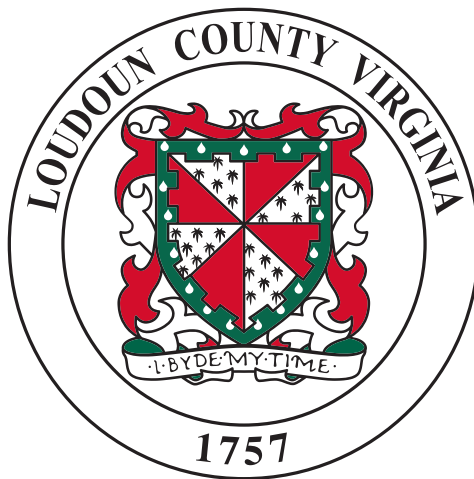
<sup>1</sup> More information can be found in Volume 2 of this document.



## Local Non-Property Taxes

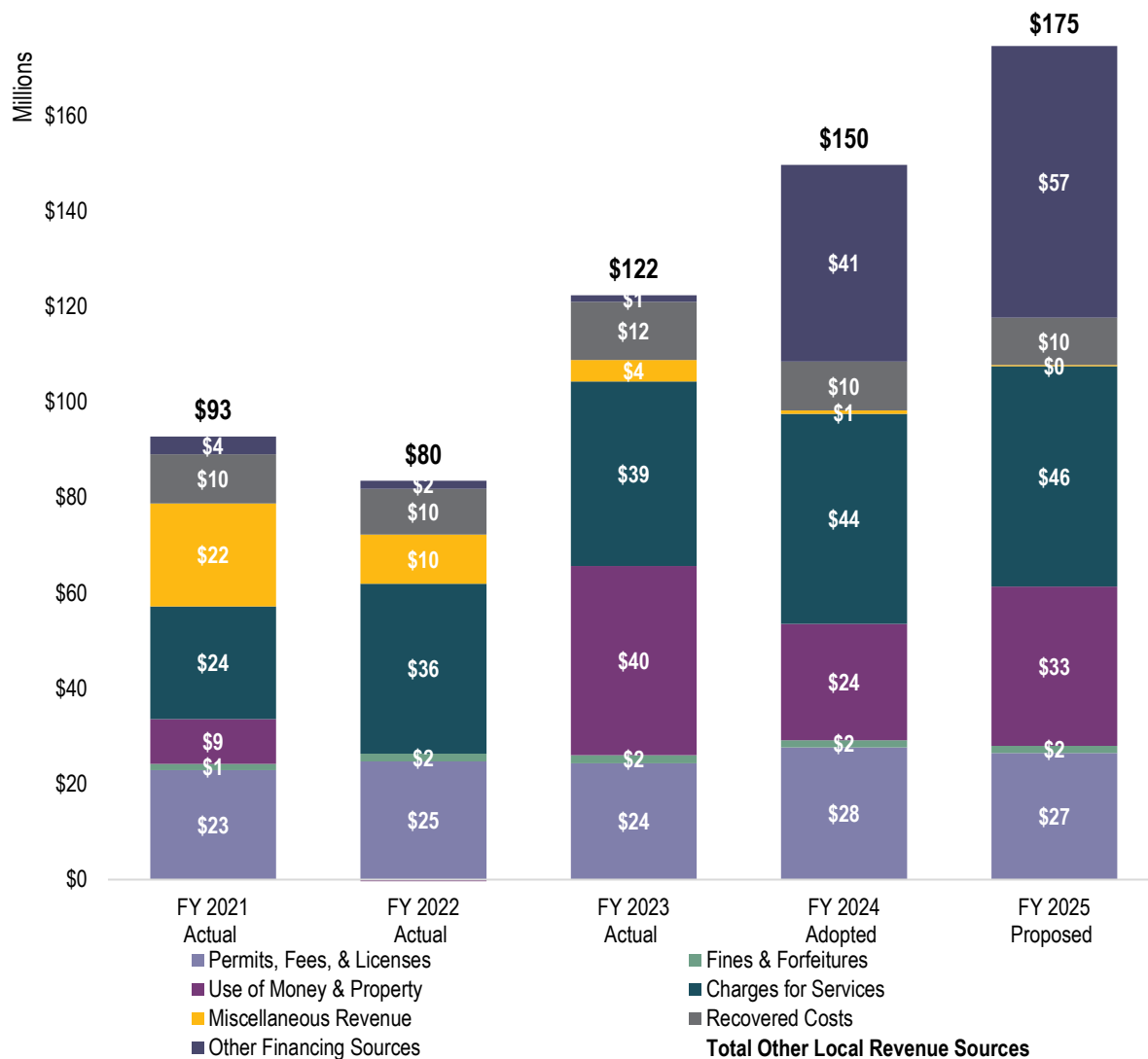
### Cigarette Tax

- **Legal Authority** – Code of Virginia § 58.1-3830; Loudoun County Ordinances § 4-884.
- **Description** – All cigarette retailers in the County must ensure that the cigarettes placed for sale in their establishments are property stamped and that the cigarette tax is paid.
- **Administration** – The Northern Virginia Cigarette Tax Board (NVCTB) administers, collects, and enforces the cigarette tax on behalf of the County. In exchange for their services, the NVCTB withholds a portion of revenues for administrative costs. The amounts reflected in this document are net of the withholding.
- **Tax Rate** – The tax rate is \$0.40 per pack of twenty cigarettes and is in addition to any state taxes. The County tax does not apply within the limits of any town which imposes their own cigarette tax.





## Other Local Sources of Revenue



Other Local Revenue declined in FY 2021 and FY 2022 as a result of the COVID-19 pandemic. **Use of Money & Property**, which is primarily comprised of revenues from interest on investments, declined significantly as the Federal Reserve reduced interest rates. As interest rates have increased, this revenue is anticipated to reach or exceed pre-pandemic levels in FY 2023-2025. **Charges for Services** also saw significant declines in FY 2021 as in-person programming for PRCS was limited and as the Board suspended the revenue neutrality policy for transit services<sup>1</sup>. PRCS programming began to recover in FY 2022 as social distancing measures eased, however, transit revenues remained at all-time lows amid the Board's continued suspension of the revenue neutrality policy through FY 2023. The budget increase for this category includes resumption of new normal post-pandemic as well as increased revenues for the landfill operations (restricted for use at the landfill). While these revenues declined during the pandemic, **Permits, fees, and license revenue** remained relatively constant, buoyed by commercial construction and an increase in the number of alteration permits.

<sup>1</sup> More information about transit service revenue can be found in the budget narrative for the Department of Transportation and Capital Infrastructure in the Community Development section of Volume 1.



## Other Local Sources of Revenue

**Miscellaneous Revenue** for prior years includes the return of unspent funds to the County by LCPS at the end of the fiscal year. These funds are shown in the year after that in which LCPS recognized the savings and are not part of the adopted budget. The increase in **Other Financing Sources** shown in the adopted or proposed budget columns is reflective of the use of prior-year fund balance in the amount of \$40 million in Adopted FY 2024 and \$55 million in Proposed FY 2025. This is a budget only account. Additionally, prior years included a transfer from the Debt Service Fund to fund staff associated with the program. Beginning in FY 2023, those staff were directly funded in the Debt Service Fund.

### PERMITS, FEES, AND LICENSES

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
<b>Animal Services</b>					
Dog Licenses	\$472,699	\$484,008	\$469,369	\$460,000	\$460,000
Pet Shop and Dealer Fees	550	500	600	250	250
Vicious & Dangerous Dog Lic.	3,810	3,535	3,450	2,500	2,500
<b>Subtotal – Animal Services</b>	<b>\$469,560</b>	<b>\$477,059</b>	<b>\$488,043</b>	<b>\$462,750</b>	<b>\$462,750</b>
<b>Sheriff</b>					
False Alarm Fees	\$260,943	\$182,313	\$163,255	\$300,000	\$300,000
Pawn Broker License Fees	2,000	2,200	1,800	1,200	1,200
Prec. Mets. & Gem Buyer Lic.	-	200	200	0	0
Solicitor Permits	2,430	1,740	2,150	4,000	4,000
Weapons Permit	129,511	75,584	90,061	70,000	70,000
E-Citation Service Fee	89,252	88,804	88,674	0	0
LEOSA <sup>1</sup> Fees	480	960	1,480	0	0
<b>Subtotal – Sheriff</b>	<b>\$484,616</b>	<b>\$351,800</b>	<b>\$347,621</b>	<b>\$375,200</b>	<b>\$375,200</b>
<b>Health</b>					
BOCA Clearance Fees	\$14,500	\$15,425	\$12,550	\$10,000	\$10,000
Health and Sites Evaluation	5,733	7,216	2,760	4,000	4,000
Perc Test Monitor Fees	-	-	0	1,000	1,000
Replacement Well Fees	1,100	300	500	500	500
Sanitation and Water Permits/Fees	49,978	70,278	49,472	40,000	40,000
Sanitation Licenses	10,508	11,360	9,940	14,200	14,200
Septic Tank Permits	49,400	41,700	41,950	40,000	40,000
Swimming Pools and Permits	55,660	79,970	69,520	55,000	55,000
Tech Sewage Plan Review	18,450	14,700	13,050	8,000	8,000
Water Supply Licenses	3,697	3,085	3,569	4,000	4,000
Well and Septic Re-inspection	225	150	1,750	400	400
Ann. Restaurant Perm. - State	0	0	0	50,000	50,000
Cert. Letter OSE/PE - State	0	0	0	9,400	9,400
Hotel E.H. Permit - State	0	0	0	2,300	2,300

<sup>1</sup> LEOSA: Law Enforcement Officers Safety Act

**Other Local Sources of Revenue**

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
Onsite Sewage Const. Permit (1000GPD) - State	0	0	0	52,000	52,000
Onsite Sewage Const. Permit (<1000GPD) - State	0	0	0	4,600	4,600
Rest. E.H. Plan Rev. - State	0	0	0	5,200	5,200
Temp. E.H. Perm. Fee - State	0	0	0	4,500	4,500
Vital Statistics Fee - State	0	0	0	20,000	20,000
Well Permit Fee - State	0	0	0	100,000	100,000
<b>Subtotal – Health<sup>1</sup></b>	<b>\$209,251</b>	<b>\$244,184</b>	<b>\$205,061</b>	<b>\$425,100</b>	<b>\$425,100</b>
<b>Building Development</b>					
Appeals	\$350	\$1,050	\$1,400	\$1,100	\$920
As-Built Submission Fees	27,300	30,000	16,525	38,700	32,363
Boundary Line Adjustments	87,750	88,150	158,685	187,500	156,800
Bond Final Release Fees	216,687	211,942	299,130	235,000	196,522
Bond Reduction Processing Fees	33,385	40,815	64,290	69,000	57,702
Building Permits	10,917,843	13,337,574	12,765,489	13,025,000	13,643,000
Cert of Approp. Admin	600	720	900	0	0
CAPP – Cert of Approp. HDRC <sup>2</sup>	960	840	420	0	0
Commission Permits	20,970	34,950	18,174	35,000	29,269
Construction Plans & Profiles	527,550	375,457	340,465	418,700	350,144
Electrical Permits	1,108,359	992,209	1,070,402	1,022,000	854,662
Erosion and Sediment Control Permits	1,154,578	887,507	1,105,081	1,000,000	836,264
Easement	111,380	59,265	133,720	260,200	217,596
Final Development Plan Fee	-	24,020	0	24,000	20,070
Fire Permits	516,788	588,999	634,742	606,700	507,362
Floodplain Alterations	43,150	24,500	50,000	50,600	42,315
Floodplain Study Fees	84,300	71,575	84,010	93,200	77,940
Base Density Division	440	-	0	4,500	3,763
Mechanical Fees	473,714	461,622	428,393	475,500	397,644
Occupancy Permits	188,220	244,290	184,870	252,000	210,739
Overlot Grading Fees	394,630	365,800	305,660	507,100	424,070
Performance Bond Ext. Fees	147,900	157,100	220,200	157,100	131,377
Plumbing Permits	785,550	791,651	747,539	815,400	681,890
Plat of Correction	3,780	1,890	10,680	1,900	1,589
Rural Site Plan Fees	4,600	4,600	14,200	4,600	3,847

<sup>1</sup> With the transition to local administration of the Health Department, effective with the FY 2024 budget, reflects those revenues that were previously reported on the state side of the Health Department's budget. More information on the revenues and expenditures related to this transition can be found in the Health Department's budget narrative in the section titled Health and Welfare.

<sup>2</sup> HDRC: Historic District Review Committee



## Other Local Sources of Revenue

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
Road Dedication Plats	94,415	58,990	120,520	152,200	127,279
Subdivision Exceptions	1,490	-	0	1,100	920
Family Subdivisions	3,040	930	0	900	753
Preliminary Subdivisions	104,725	59,185	44,375	75,400	63,054
Preliminary Record Subdivisions	132,120	139,065	134,570	159,200	133,133
Record Subdivisions	241,995	143,680	51,430	162,300	135,726
Subdivision Waiver	51,899	40,153	71,465	11,400	9,533
Special Exception – Sign Dev Plan	10,240	15,360	0	20,500	17,143
Sign Permits	92,025	102,985	93,415	105,000	87,808
Soils Map Reviews and Map Fees	13,841	7,500	(12,210)	7,500	6,272
Site Plan Amendments	258,780	230,178	180,554	258,700	216,342
Special Exceptions	120,640	204,185	94,598	204,200	170,765
Minor Special Exception	10,435	-	15,445	10,100	8,446
Final Site Plans	832,107	654,555	989,515	749,400	626,696
Zoning Variances	2,415	2,415	805	0	0
FMS Waiver Fees	49,980	19,040	7,350	29,800	24,921
Zoning Correspondence	72,590	91,150	76,815	65,000	54,357
Zoning Concept Plan Amend.	188,469	139,898	101,878	175,900	147,099
Rezoning	417,034	708,173	511,903	408,600	341,698
Rezoning Ordinance Modification	41,045	50,440	14,050	29,700	24,837
Zoning Permits	1,270,736	1,284,495	990,955	1,300,000	1,087,144
Rezone – Rt. 28 Tax District	4,760	11,900	19,278	9,500	7,945
VSMP <sup>1</sup> Application Fee	240,375	176,357	391,553	220,700	184,564
VSMP Modification Transfer	181,999	210,153	260,467	230,000	192,341
VSMP Renewal – Annual	39,254	14,064	21,627	28,100	23,499
FMS Waiver Fees – PZ	7,140	11,900	7,140	0	0
Permit Levy	277,400	325,074	314,360	300,000	250,879
Traffic Data Collection Fee <sup>2</sup>	0	0	5,610	1,425,000	1,425,000
Traffic Warrant Study Fee	0	0	0	875,000	875,000
<b>Subtotal – Building &amp; Development</b>	<b>\$21,611,731</b>	<b>\$23,498,350</b>	<b>\$23,162,441</b>	<b>\$26,300,000</b>	<b>\$25,121,000</b>
<b>Other</b>					
Agricultural and Forestal District Withdraw Fee	\$500	\$500	\$2,000	0	0
Land Use Tax Application Fee	109,339	103,667	116,705	100,000	100,000
Refuse Vehicle Hauling Licenses	29,218	17,160	21,860	15,000	15,000
Solid Waste Facility Permits	7,890	12,515	11,203	10,000	10,000

<sup>1</sup> VSMP: Virginia Stormwater Management Program

<sup>2</sup> Fees for certain traffic data collection and traffic warrant studies were established by the Board in December 2021.





## Other Local Sources of Revenue

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
Transfer Fees	15,784	13,297	9,805	10,000	10,000
<b>Subtotal – Other</b>	<b>\$162,731</b>	<b>\$147,139</b>	<b>\$161,973</b>	<b>\$135,000</b>	<b>\$135,000</b>
<b>Total – Permits, Fees, and Licenses</b>	<b>\$22,945,387</b>	<b>\$24,729,516</b>	<b>\$24,350,515</b>	<b>\$27,698,050</b>	<b>\$26,519,050</b>

- **Description** – The County charges fees for permits and licenses required to regulate a variety of activities within the County related to building construction, public health, and public safety. The permit fees are listed in the table above and are organized into five groups according to their purpose and/or permitting source. Of the five groups, building fees represent the greatest amount of revenue, with Building Permits being the largest single source of annual permit revenue.
- **Administration** – Fees for licenses and permits are approved by the Board of Supervisors and are collected by the County departments having regulatory authority for a particular activity.
- **Supplemental Information** – Forecasts of future permit and license fee revenue are prepared using an economic model and in consultation with the departments that are responsible for issuing the permit(s) based upon their expertise and knowledge of the activities for which they are responsible. An updated land development fee schedule took effect in FY 2023 and was incorporated in the amounts shown in the previous table. While the increases in fees was anticipated to yield a generally positive revenue change as reflected in the Adopted FY 2024 column, muted residential development and the diminishing pace of commercial construction anticipated into FY 2025 result in a slight decline in development fee revenue.

As previously noted, the transition to local administration of the Health Department has created several new fees for the Health Department, which are reflected in the above table. Other new fees include the traffic data collection fee and the traffic warrant study fee which are intended to offset the costs of traffic studies.



## Other Local Sources of Revenue

### FINES AND FORFEITURES

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
Animal Law Violation Fees	\$4,351	\$2,192	\$2,270	\$6,000	\$6,000
Court Fines and Forfeitures	1,006,599	1,344,754	1,391,242	1,120,000	1,120,000
Delinquent & Late Fees	6,763	7,626	10,061	10,000	10,000
Env. Health Violation Fines	5,829	16,759	31,076	50	50
Fire Lane Violation Fines	134,617	150,889	133,980	206,650	206,650
Overdue Book Fines	2,323	5,237	(198)	0	0
Parking and Traffic Fines – Dulles Airport	89,031	114,574	139,895	140,000	140,000
Parking Fines	1,980	3,749	4,106	600	0
Zoning Violation Fines	10,422	19,149	16,922	32,000	32,000
Erosion and Sediment Control Violation	2,000	(2,000)	0	0	0
<b>Total – Fines &amp; Forfeitures</b>	<b>\$1,263,916</b>	<b>\$1,662,929</b>	<b>\$1,729,355</b>	<b>\$1,515,300</b>	<b>\$1,514,700</b>

- **Description** – State law authorizes the County to impose various monetary fines for violating County ordinances and regulations. (The imposition of a fine is subject to judicial review if the party charged with a violation opts to appeal it.) Some violations of local law enable the County to take ownership of assets associated with the violation, and the proceeds from the sale of these “forfeited” assets is a source of revenue.
- **Administration** – Fines and forfeitures are imposed by the County department that is responsible for enforcing a particular area of law and/or regulation.
- **Supplemental Information** – Forecasts of future fine and forfeiture revenue are prepared by the department that is responsible for enforcing County laws and regulations.



## Other Local Sources of Revenue

### USE OF MONEY AND PROPERTY

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted	FY 2025 Proposed
Interest on Investment <sup>1</sup>	\$5,329,776	\$5,135,319	\$36,512,584	\$21,700,000	\$30,000,000
Interest on Loans	17,763	15,898	12,930	0	0
Unrealized Gain (Loss) on Sale of Investments <sup>2</sup>	2,086,605	(11,178,675)	1,110,060	0	0
Interest on Investment Contra Account	(89,307)	(65,870)	(15,018)	0	0
General Property Rental	532,517	37,478	74,919	333,647	376,673
Recreational Property Rental	1,288,709	1,702,114	1,486,716	1,903,611	2,506,401
Concessions & Commissions	18,891	14,599	25,652	23,703	40,703
Sale of Artwork	1,004	269	3,382	4,000	4,000
Sale of Concessions	16,592	48,404	69,993	93,189	99,189
Sale of Materials & Supplies	5,014	53,563	59,629	48,108	56,413
Sale of Salvage & Surplus	222,221	306,557	248,132	250,000	250,000
<b>Total – Use of Money &amp; Property</b>	<b>\$9,429,784</b>	<b>(\$3,930,342)</b>	<b>\$39,588,978</b>	<b>\$24,356,258</b>	<b>\$33,333,379</b>

- **Description** – The County realizes revenue from the investment of General Fund balances during the fiscal year. The rental of County facilities for public use and the sale of concessions at various events also generate revenue for the County.
- **Administration** – Individual departments administer the realization of money from the use of County money and property. Historic and projected revenue from this source is reported in the budget pages of the various departments involved. The Department of Parks, Recreation, and Community Services and the Office of the Treasurer are the two largest sources of this revenue. General property revenue is typically attributed to the Department of General Services.
- **Supplemental Information** – Forecasts of future revenue from the use of money and property are projected by the responsible department in County government. The forecast of revenue from Interest on Investments is regularly reviewed by the Revenue Committee.

<sup>1</sup> Includes restricted interest revenue on LOSAP funds which becomes part of the LOSAP Committed Fund Balance at the end of the fiscal year.

<sup>2</sup> Unrealized Gain (loss) on sale of investments reflects book adjustments on an accrual basis to account for the market value of investments held as of June 30<sup>th</sup> of each fiscal year, not a realized loss. Since investments are held until maturity, losses will not be recognized.

**Other Local Sources of Revenue****CHARGES FOR SERVICES**

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted	FY 2025 Proposed
<b>Clerk of the Circuit Court</b>					
Copy Fees	\$27,716	\$30,802	\$29,476	\$45,000	\$45,000
Excess Fees of Clerks	1,828,034	1,575,995	682,392	950,000	995,000
<b>Subtotal – Clerk of the Circuit Court</b>	<b>\$1,855,750</b>	<b>\$1,606,797</b>	<b>\$711,867</b>	<b>\$995,000</b>	<b>\$1,040,000</b>
<b>Public Safety</b>					
Accident Report Charges	\$26,697	\$29,400	\$35,290	\$27,000	\$27,000
Courthouse Security Fees	221,707	259,719	263,443	400,000	400,000
DNA Analysis Fees	2,589	1,905	1,680	4,200	4,200
Fingerprinting	5,443	3,197	2,488	9,900	9,900
Good Conduct Letters	170	220	310	550	550
House Arrest Fees	3,450	1,200	1,320	5,000	5,000
Incident Reports	1,930	1,400	680	2,000	2,000
Loss of Summons Copy	0	15	30	30	30
Record Checks	2,502	2,849	2,765	6,400	6,400
Adult Detention Center Fees	9,924	6,652	8,847	23,000	23,000
Civil Process Fees	7,907	7,907	7,907	7,910	7,910
Supervision Fees	0	2,350	0	0	0
<b>Subtotal – Public Safety</b>	<b>\$282,320</b>	<b>\$316,815</b>	<b>\$324,760</b>	<b>\$485,990</b>	<b>\$485,990</b>
<b>Animal Services</b>					
Animal Adoption Fees	\$115,505	\$159,210	\$160,194	\$100,000	\$100,000
Animal Protection Charges	9,202	8,945	10,630	15,200	15,200
Board of Animals	3,266	1,005	1,505	8,000	8,000
ORE Disposal Fees	325	625	538	750	750
<b>Subtotal – Animal Services</b>	<b>\$128,298</b>	<b>\$169,785</b>	<b>\$172,866</b>	<b>\$123,950</b>	<b>\$123,950</b>
<b>Landfill</b>					
Municipal Solid Waste	\$11,925,312	\$11,305,187	\$11,560,391	\$12,761,335	\$11,495,101
Sale/Recycle – Scrap Metal	89,108	147,057	136,577	100,000	100,000
Sale/Recycle – Oil/Battery/ Antifreeze	3,658	4,771	6,377	3,000	3,000
<b>Subtotal – Landfill</b>	<b>\$12,018,078</b>	<b>\$11,457,015</b>	<b>\$11,703,345</b>	<b>\$12,864,335</b>	<b>\$11,598,101</b>
<b>Library Services</b>					
Inter-Library Loan Fees	\$1,521	\$1,862	\$1,906	\$2,500	\$0
Damaged & Lost Book Fees	9,711	33,921	30,991	35,049	35,049
Passport Processing Fees	25,445	91,535	165,015	155,750	155,750



## Other Local Sources of Revenue

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted	FY 2025 Proposed
Passport Application Photo Fees	7,980	32,625	59,985	29,850	29,850
<b>Subtotal – Library Services</b>	<b>\$44,657</b>	<b>\$159,944</b>	<b>\$257,897</b>	<b>\$223,149</b>	<b>\$220,649</b>
<b>Mental Health, Substance Abuse, and Developmental Services (MHSADS)</b>					
Aftercare Service Fees	\$198	\$680	\$0	\$4,000	\$4,000
Court Evaluation Charges	74,040	97,335	123,098	100,000	100,000
Day Treatment Clinic Fees	4,053	3,451	1,964	5,000	5,000
Labs and Meds	1,539	94	425	0	0
Outpatient Clinic Fees	45,103	41,988	46,314	78,000	78,000
Parent-Infant Development	75,921	122,965	93,921	110,000	110,000
Residential Services	299,853	284,657	289,754	300,000	300,000
Substance Abuse Counselor	21,959	24,044	17,333	50,000	50,000
<b>Subtotal – MHSADS</b>	<b>\$522,667</b>	<b>\$575,213</b>	<b>\$572,810</b>	<b>\$647,000</b>	<b>\$647,000</b>
<b>Parks, Recreation, and Community Services (PRCS)</b>					
Admission Charges	\$886,365	\$2,052,780	\$2,481,213	\$2,283,566	\$3,633,566
After School Activities	306,136	6,567,079	8,047,885	9,550,424	9,645,424
Cafeteria Sales	28,258	5,450	6,098	22,544	22,544
Community Center Fees	712,223	1,395,387	1,433,887	1,671,292	2,146,292
Daycare Fees	1,097,979	883,110	1,117,201	1,492,029	1,770,489
Group Events	281,257	1,052,053	1,035,243	567,189	573,189
League Sports	153,042	234,489	286,364	315,556	315,556
Preschool Fees	1,096,838	2,448,763	2,612,049	3,175,959	3,961,239
Recreation Fees	280,559	237,856	550,502	648,375	648,375
Respite Care Fees	111,434	312,292	402,317	326,636	326,636
Summer Camp	1,472,683	2,339,686	2,253,916	2,982,479	3,366,239
Swimming Pool	185,675	260,559	290,380	278,658	278,658
Tournaments	3,743	25,479	42,021	57,535	57,535
Transportation Fees – Group Events	1,452	21,054	31,440	75,174	78,704
Youth Sports User Fees	563,043	844,104	1,038,217	934,486	934,486
<b>Subtotal – PRCS<sup>1</sup></b>	<b>\$7,180,687</b>	<b>\$18,680,141</b>	<b>\$21,628,732</b>	<b>\$24,381,902</b>	<b>\$27,758,932</b>

<sup>1</sup> PRCS experienced significant declines in Charges for Services revenue in FY 2020 and FY 2021 as a result of the COVID-19 pandemic. Many PRCS programs were either cancelled temporarily and/or operated at reduced capacity to ensure proper social distancing. Revenues started to recover in FY 2022, ending at 94 percent of FY 2019 Charges for Services revenue (pre-pandemic). The FY 2025 Proposed Budget for these revenues reflects estimates of a new post-pandemic normal.

**Other Local Sources of Revenue**

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted	FY 2025 Proposed
<b>Health<sup>1</sup></b>					
Communicable Health Svcs.	0	0	0	\$50,000	\$50,000
Dental Health Svc. Fees	0	0	0	4,500	4,500
Family Planning Svcs.	0	0	0	45,000	45,000
Immunization Svcs.	0	0	0	95,000	295,000
Medicaid Dental	0	0	0	36,000	36,000
Nursing Home Screening	0	0	0	140,000	140,000
VFC Admin. Fee - DMAS	0	0	0	13,000	13,000
<b>Subtotal – Health</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$383,500</b>	<b>\$583,500</b>
<b>Other Service Fees</b>					
Administration Fees	\$10,854	\$6,986	\$6,902	\$4,500	\$4,500
Case Management Fees	180,510	17,011	9,624	65,000	65,000
Collection Fees – Bad Checks	16,370	18,891	14,763	15,500	15,500
Collection Fees – Delinquent Taxes	665,322	733,953	836,073	550,000	550,000
Commonwealth's Attorney Fees	6,136	4,880	5,606	10,000	10,000
Commuter Bus Advertising	17,884	30,414	22,947	50,000	35,000
Commuter Bus Fares <sup>2</sup>	151,920	1,403,536	1,897,283	2,531,152	2,389,952
Court Fines	94,044	(15,539)	0	0	0
Electric Vehicle Charging Fees	0	0	142	0	0
Emergency Service Fees	47,439	53,097	40,078	99,800	99,800
Freedom of Information Fees	34,929	41,007	50,390	35,500	35,500
Hydrogeologic Fees	871	3,484	871	850	850
Well and Septic Evaluation	1,760	1,100	660	5,300	5,300
Credit Card Fees	27,843	35,094	46,562	85,500	85,500
Cartographic Map Sales	1,208	1,385	1,847	1,500	1,500
Digital Data Sales	4,904	2,242	1,678	3,500	3,500
Publication Sales	33,036	2,582	1,650	6,000	6,000
Other Charges for Services	0	0	0	99,484	99,484
Collection Fees – Towns	243,874	293,871	352,282	303,845	303,845
<b>Subtotal – Other</b>	<b>\$1,538,904</b>	<b>\$2,633,994</b>	<b>\$3,289,356</b>	<b>\$3,867,431</b>	<b>\$3,711,231</b>
<b>Total – Charges for Svcs.</b>	<b>\$23,571,362</b>	<b>\$35,599,703</b>	<b>\$38,661,634</b>	<b>\$43,972,257</b>	<b>\$46,169,353</b>

<sup>1</sup> With the transition to local administration of the Health Department, the FY 2024 and future Budgets include several new County revenues that reflect revenues previously captured on the state side of the Health Department's budget.

<sup>2</sup> The Board of Supervisors suspended the revenue neutrality policy for commuter bus fares for FY 2021 – FY 2024. The FY 2025 Proposed Budget assumes this suspension continues but the Board will consider this issue as part of 2024 transit-related items.



## Other Local Sources of Revenue

- **Description** – Several County agencies provide services to residents and others for which the user pays a fee to defray the cost. The magnitude and structure of these charges depends on the nature of the service. The table above is organized in eight segments largely according to department or service line.
- **Administration** – Individual departments administer the charges for the services that they provide. Historic and projected revenue is reported in the budget pages of the responsible department. The departments of General Services (landfill); Parks, Recreation, and Community Service; and Transportation and Capital Infrastructure are the largest sources of this revenue. Landfill revenues are typically reserved for current and future landfill operations and capital expenditures and not for general government purposes.
- **Supplemental Information** – Forecasts of future revenue from charges for services are prepared by the responsible department in County government.

### MISCELLANEOUS REVENUE

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted	FY 2025 Proposed
Private Donations	\$53,352	\$49,824	\$118,895	\$46,000	\$46,000
Other Donations	355,760	15,500	50	0	0
Sale of Machinery & Equipment	45,449	79,558	171,247	0	0
Sale of Vehicles	0	42,150	0	0	0
Rebate – Solar Energy Credits	7,383	5,552	4,228	8,000	4,000
Other Rebate	217,459	169,641	238,824	120,000	200,000
Overpayment to be Refunded	205	265	(90)	0	0
Payments for Damage to Property	0	895	0	0	0
Primary Fees	0	0	10,884	0	0
Other Misc. Revenue	1,441,477	46,690	2,261,732	20,300	20,300
Payment from LCPS	17,886,572	8,999,369	769,227	0	0
I-66 Toll Revenue	1,564,326	850,468	920,561	514,332	0
<b>Total – Misc. Revenue</b>	<b>\$21,571,983</b>	<b>\$10,259,912</b>	<b>\$4,495,557</b>	<b>\$708,632</b>	<b>\$270,300</b>

- **Description** – Miscellaneous Revenue includes any source of funds that does not fit into any of the other revenue categories. Revenues in this category include such items as monetary gifts from private donors (typically made to County libraries, community centers, or recreation programs). The payment from LCPS reflects the excess LCPS funding for the previous fiscal year. I-66 Toll revenues are restricted for regional transit projects.
- **Administration** – These revenues are administered by individual departments.

**Other Local Sources of Revenue****RECOVERED COSTS**

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted	FY 2025 Proposed
Extradition of Prisoners	\$14,798	\$29,232	\$49,798	\$45,000	\$45,000
Housing of Prisoners (Federal)	660	1,320	2,805	1,000	1,000
Housing of Prisoners (State)	473,018	474,705	368,152	800,000	800,000
Medical Co-Payments	7,430	6,265	6,290	9,000	9,000
Prisoner Per-Diem (State)	70,548	58,683	52,630	115,000	115,000
Work Release Room & Board	9,660	20,197	13,633	60,000	60,000
DOC Inmate Medical Care Reimbursements	4,969	0	0	5,000	5,000
CSA – Mental Health Svc	9,971	35,915	59,097	30,000	30,000
Medicaid Reimbursements	3,238,507	3,168,686	5,218,491	4,577,800	4,106,933
Charges to Other Insurance	296,678	431,412	362,142	375,000	375,000
Juvenile Detention Center – Contract	130,654	0	0	0	0
Juvenile Detention Center – Food	106,700	51,361	56,630	94,960	94,960
Loudoun Hospital	651	279	0	0	0
MHSADS Services	5,563	2,400	0	22,500	22,500
SWCDB <sup>1</sup> Personnel	537,334	590,784	659,014	822,958	881,059
PRCS Facility Supervisors	144,954	199,444	253,816	204,700	204,700
Protective Services	647,118	614,295	922,573	750,000	750,000
Misc. Recovered Costs	4,530,297	3,907,753	4,095,773	2,347,802	2,419,298
Task Force Reimbursement	38,574	29,861	58,144	0	0
<b>Total – Recovered Costs</b>	<b>\$10,268,082</b>	<b>\$9,622,592</b>	<b>\$12,178,989</b>	<b>\$10,260,720</b>	<b>\$9,919,450</b>

- **Description** – Several County departments perform services on behalf of the Federal Government, the Commonwealth, and other entities.
- **Administration** – These revenues are administered by individual departments. Historic and projected revenue from this source is reported in the budget pages of the responsible departments including the Sheriff's Office, MHSADS, and PRCS.
- **Supplemental Information** – The largest source of Recovered Cost revenue is money paid to the County by insurance companies and the Federal Government for medical services provided by the County, principally Medicaid. All the individual Medicaid reimbursements categories are grouped here into a single total called Medicaid Reimbursements.

<sup>1</sup> SWCDB: Soil and Water Conservation District





## Other Local Sources of Revenue

### OTHER FINANCING SOURCES

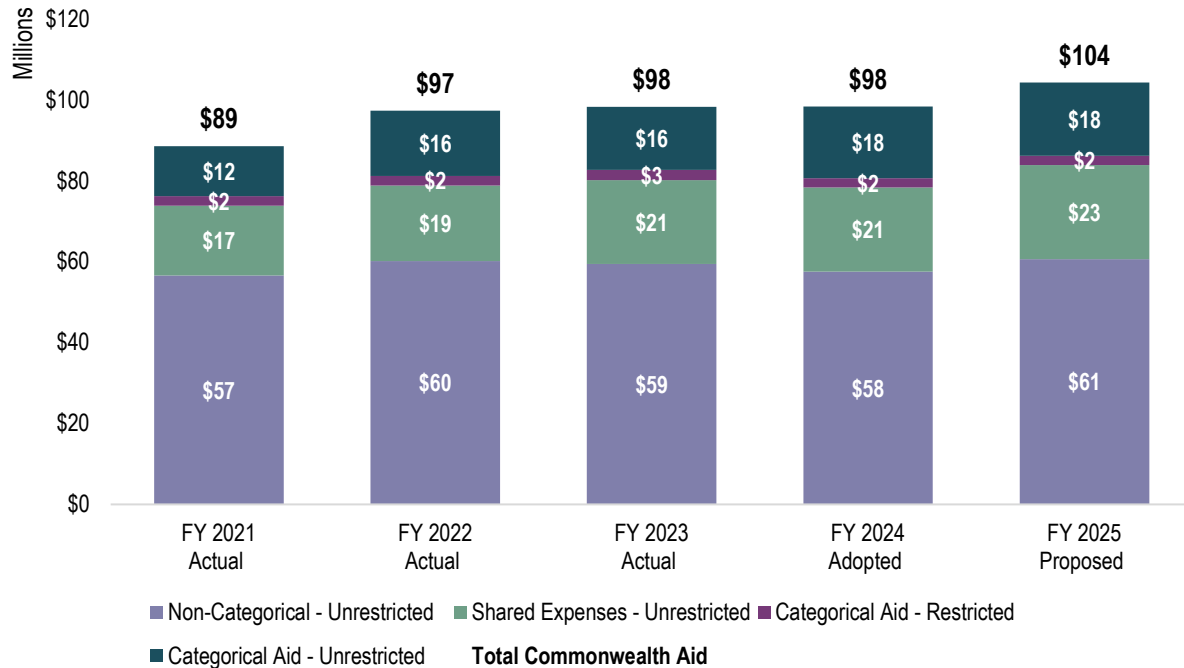
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted	FY 2025 Proposed
Transfer from the TOT Fund	\$113,704	\$447,678	\$468,584	\$468,584	\$702,374
Transfer from the Animal Trust Fund	35,820	0	15,000	0	0
Transfer from the TDF	2,732,885	0	0	0	0
Transfer from EMS Transport Fund	709,951	770,518	907,620	725,881	1,156,600
Transfer from the Debt Service Fund	153,487	421,358	0	0	0
Use of Prior Year Fund Balance	0	0	0	40,000,000	55,000,000
<b>Total – Other Financing Sources</b>	<b>\$3,745,847</b>	<b>\$1,639,554</b>	<b>\$1,391,204</b>	<b>\$41,194,465</b>	<b>\$56,858,974</b>

- **Description** – Other Financing Sources is revenue arising from the issuance of bonds and capital leasing agreements, as well as transfers of money between the General Fund and various other funds. The FY 2025 Proposed Budget transfers \$1.95 million from other funds into the General Fund and authorizes the use of \$55.0 million of unused money (fund balance) from prior years.
- **Administration** – Fund transfers are approved by the Board of Supervisors when adopting the final budget.
- **Supplemental Information** – The CSA Fund refers to the Children’s Services Act Fund; the TOT Fund is the Restricted Use Transient Occupancy Tax Fund; the TDF is the Transportation District Fund; and EMS refers to the Emergency Medical Services (EMS) Transport Fund.

Previous years budget includes transfers from the Capital Projects Fund and the Debt Service Fund in support of positions charged to the General Fund but that supported those functions. These positions are now directly funded in the respective fund they support, and no transfers are included in the FY 2025 Proposed Budget. More information on these other funds can be found in Volume 2’s Other Appropriated Funds section in the dedicated pages for that respective fund.



## Commonwealth Aid



	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted	FY 2025 Proposed
Non-Categorical Aid – Unrestricted	\$56,634,953	\$60,188,289	\$59,432,311	\$57,571,700	\$60,637,700
Shared Expenses	17,252,286	18,621,696	20,732,594	20,763,542	23,263,812
Categorical Aid – Unrestricted	2,308,711	2,410,857	2,562,729	2,314,135	2,314,135
Categorical Aid – Restricted	12,349,041	16,097,950	15,573,169	17,712,105	18,068,659
<b>Total – Commonwealth Aid</b>	<b>\$88,544,991</b>	<b>\$97,318,792</b>	<b>\$98,300,803</b>	<b>\$98,361,482</b>	<b>\$104,284,306</b>

- **Description** – The Commonwealth of Virginia provides four types of aid to the County where the types are based upon the conditions, if any, attached to the County's use of the funds.
  - *Non-Categorical Aid* represents unrestricted state revenues and includes \$48 million in Personal Property Tax Relief funds from the State as well as four percent state-imposed daily vehicle rental revenues, and the localities share of a 50 cent (per \$500 of value) grantor's tax on the filing of deeds of real property. In accordance with the Code of Virginia § 58.1-802, one-half of the funds collected from the grantor's tax are deposited into the state treasury and one-half remitted to the locality. Personal Property Tax Relief monies offset a portion of the personal property tax on the first \$20,000 of assessed value on personal-use vehicles housed within the County. In calendar 2022, the State's contribution covered an estimated 27 percent of the personal property tax levy on qualifying vehicle value. Over time, this percentage will decline as the fixed value of the State's annual contribution is spread across a growing number of vehicles registered in the County. The four percent state-imposed daily vehicle rental tax is primarily generated through passenger traffic at Dulles International Airport.



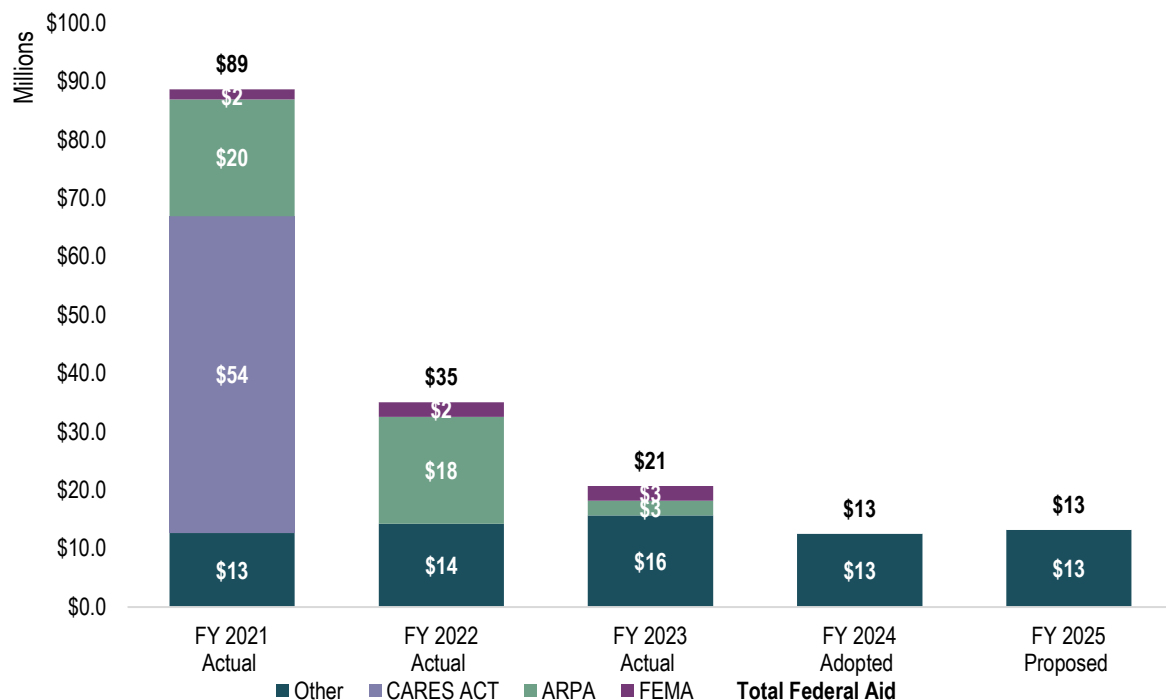
## Commonwealth Aid

While the General Fund receives the tax revenues from a 3 percent grantor's tax on the filing of deeds of real property, there is also a regional grantor's tax, referred to as the regional congestion relief fee, that is remitted to the NVTa. This additional tax was effective July 1, 2020, at a rate of \$0.005 per \$100 of recorded value and was subsequently increased to \$0.010 per \$100 of recorded value effective May 1, 2021. Revenue from the regional tax is directed to the NVTa for regional transportation projects. The County receives 30 percent of the regional congestion relief fee revenues generated in the County; these revenues are a component of the NVTa 30% funding source reflected in the Six-Year Capital Improvement Program.

- *Shared Expenses* partially reimburse the County for the costs to operate the county offices established in the State Constitution: the Commissioner of the Revenue, the Treasurer, the Clerk of the Circuit Court, the Commonwealth's Attorney, and the Sheriff. These reimbursements are distributed to localities via the Virginia Compensation Board. Additionally, these revenues include reimbursements for Elections and Voter Registration.
- *Categorical Aid* must be used for State-designated programs or purposes.
  - Unrestricted aid gives localities broader discretion on how funds are used. Unrestricted Categorical Aid in the FY 2025 Proposed Budget includes funding for the Juvenile Court Services Unit and the Department of Mental Health, Substance Abuse, and Developmental Services (MHSADS).
  - Restricted aid specifies how the funds must be spent. Restricted Categorical Aid in the FY 2025 Proposed Budget includes funding for mandated social service programs in the Department of Family Services (DFS) and MHSADS as well as grant funding for the Department of Community Corrections; Loudoun County Fire and Rescue; the Juvenile Court Services Unit; Libraries; the Department of Parks, Recreation, and Community Services; DTCL; and the Department of Housing and Community Development.
- **Administration** – The County obtains some of this aid on a recurring basis, while other forms of aid represent grants for which the County must apply based on the criteria of the specific aid program.
- **Supplemental Information** – Typically, the Virginia Compensation Board releases preliminary estimates of funding to localities for constitutional offices by late March. Final allocations are then available in early May.



## Federal Aid



	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted	FY 2025 Proposed
Non-Categorical Aid	\$3,559	\$3,646	\$3,906	\$3,550	\$3,550
Categorical Aid – Restricted <sup>1</sup>	88,691,214	35,066,993	20,706,116	12,567,010	13,210,045
<b>Total – Federal Aid</b>	<b>\$88,694,773</b>	<b>\$35,070,639</b>	<b>\$20,710,022</b>	<b>\$12,570,560</b>	<b>\$13,213,595</b>

- **Description** – Federal Aid comes to the County as either Non-Categorical Aid or Categorical Aid. Categorical Aid must be used for federally designated programs or purposes; whereas the Board of Supervisors determines the programs that will receive Non-Categorical Aid.
  - *Non-Categorical Aid– Unrestricted* is a payment from the Federal Bureau of Land Management related to tax-exempt parcels of land owned by the National Park Service.
  - *Categorical Aid-Restricted* revenues are primarily comprised of reimbursements DFS for costs incurred for mandated programs; funding for mandated programs in MHSADS, and grants for DTCL.
- **Administration** – The County obtains some of this aid “automatically” on a recurring basis, while other forms of aid represent grants for which the County must apply based on the criteria of the aid program.
- **Supplemental Information** – Federal Aid traditionally comprises a negligible portion of General Fund revenue, and it has generally declined over the last several years. Given the influx of federal funds in recent years, the above chart separately identifies funds from ARPA, FEMA, and CARES, to more accurately reflect the “ongoing” federal revenues.

<sup>1</sup> Revenues for FY 2021 – FY 2023 were influenced by federal funding, in response to the pandemic, including funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) as well as reimbursements from the Federal Emergency Management Agency (FEMA).

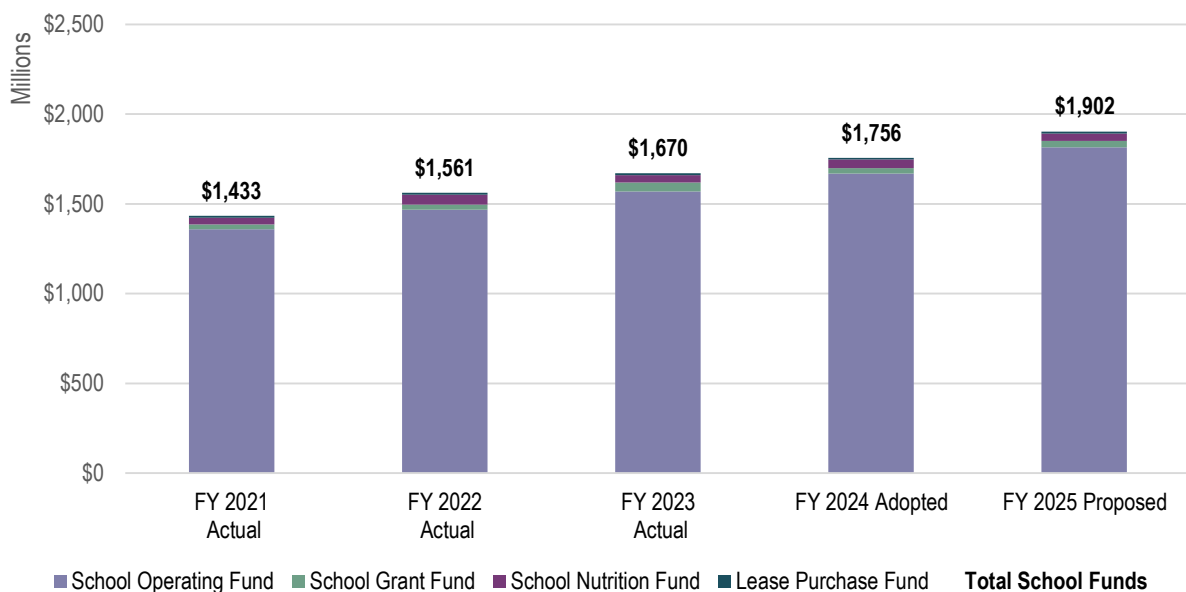


## School Funds

School operating appropriations include the School Operating Fund, School Grant Fund, School Nutrition Fund, and Lease Purchase Fund. The tables below summarize the appropriation by fund and the revenues by source. The General Fund transfer to the Schools Division is \$1,277,127,430 for FY 2025, an increase of 10.5 percent compared to the FY 2024 Adopted Budget. This represents 70.4 percent of the School Operating Fund appropriation, or 67.1 percent of all School operating appropriations.

### SCHOOL OPERATING APPROPRIATIONS

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
School Operating Fund	\$1,358,167,039	\$1,467,178,107	\$1,568,633,420	\$1,668,345,179	\$1,814,777,946
School Grant Fund	26,827,614	29,064,406	50,917,312	30,503,914	35,071,745
School Nutrition Fund	38,114,553	55,150,618	40,290,499	47,641,531	42,637,655
Lease Purchase Fund	10,000,439	10,001,412	10,174,541	10,002,000	10,002,000
<b>Total School Funds</b>	<b>\$1,433,109,645</b>	<b>\$1,561,394,543</b>	<b>\$1,670,015,773</b>	<b>\$1,756,492,624</b>	<b>\$1,902,489,346</b>



**School Funds****SCHOOL REVENUES**

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
<b>Local Funding</b>					
General Fund Transfer <sup>1</sup>	\$912,225,228	\$1,005,105,408	\$1,066,987,677	\$1,156,127,376	\$1,277,127,430
Rebates and Refunds	478,881	391,703	676,571	470,000	525,000
Sales of Textbooks	12,391	29,775	17,449	22,000	22,000
E-Rate Reimbursement	3,689,669	2,112,241	1,357,364	1,500,000	1,500,000
Tuition	1,065,342	1,451,962	1,863,386	1,927,000	1,800,000
Use of Buildings	364,546	909,612	1,216,422	1,000,000	1,075,000
Athletic, Parking, AP Test Fee	2,468,375	1,877,001	1,504,978	350,000	472,000
Hughes Foundation	289,967	2,148,042	1,363,537	1,000,000	1,000,000
PAVAN <sup>2</sup>	0	0	2,965	57,000	0
Sales of Equip. & Supplies	177,883	236,604	401,524	400,000	400,000
Cafeteria Sales	803,493	3,767,488	19,339,051	29,985,516	21,766,833
Lease Proceeds	10,000,000	10,000,000	10,000,000	10,002,000	10,002,000
Miscellaneous	2,670,703	3,281,168	5,574,637	5,207,466	5,082,466
<b>Subtotal – Local Funding</b>	<b>\$934,246,478</b>	<b>\$1,031,311,004</b>	<b>\$1,110,305,560</b>	<b>\$1,208,048,358</b>	<b>\$1,320,772,729</b>
<b>Commonwealth Funding</b>					
Sales Tax	\$102,936,837	\$119,674,959	\$118,779,688	\$115,934,029	\$112,824,348
Basic Aid	193,168,951	190,622,982	207,458,276	210,612,797	273,382,016
Fringe Benefits	38,110,449	38,574,623	40,907,052	41,151,425	45,160,437
Textbooks	3,930,643	3,951,968	4,909,588	4,938,917	5,884,453
Special Education	23,815,202	23,994,606	23,945,860	24,017,041	29,833,160
Vocation Education	1,660,405	1,828,440	1,782,821	1,791,240	2,210,795
Supplemental Support	15,252,168	14,944,591	14,982,852	14,988,406	14,883,294
SOL Materials/Training	338,025	330,925	365,747	369,554	572,420
Technology Plan	2,494,000	2,467,785	2,604,722	2,546,000	2,546,000
School Nutrition	305,241	1,071,515	1,082,470	1,316,547	1,082,469
No Loss Funding	12,087,554	2,942,403	0	0	0
Learning Loss Instruct. Sup	802,233	0	0	0	0
Hold Harmless Funding	0	0	0	0	0
Other State Funds	17,074,874	31,748,619	65,802,139	76,213,876	31,432,039
<b>Subtotal – Commonwealth</b>	<b>\$411,976,582</b>	<b>\$432,153,415</b>	<b>\$482,621,214</b>	<b>\$493,879,832</b>	<b>\$519,811,431</b>

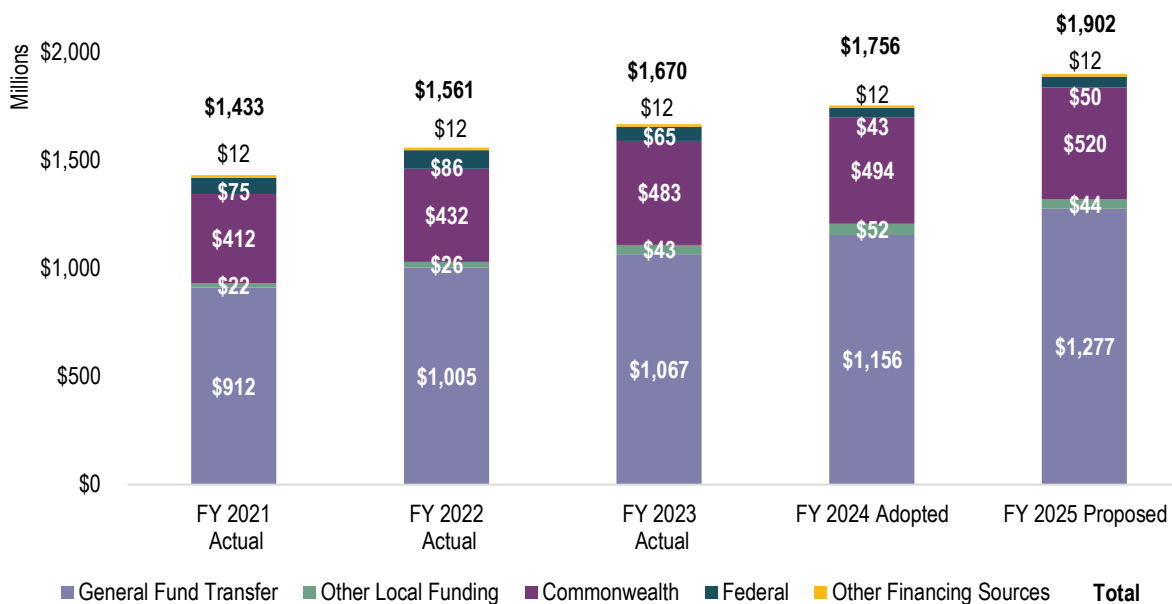
<sup>1</sup> The FY 2025 value reflects the Operating Fund transfer included in the FY 2025 Proposed Budget for the Loudoun County Public Schools. FY 2024 Adopted values reflect the recognized general fund transfer as captured in the LCPS FY 2024 Adopted Budget inclusive of the LCPS reconciliation process.

<sup>2</sup> Beginning in FY 2025 as a technical change, the PAVAN grant is recognized within the Other State Funds category of Commonwealth Funding and not as another source of local funding.



## School Funds

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Proposed
<b>Federal Funding</b>					
Title I	\$1,618,614	\$1,953,322	\$2,180,058	\$2,014,630	\$2,122,475
Head Start	1,103,734	1,133,747	1,229,746	1,034,098	1,184,000
Handicapped Education	14,281,743	13,014,960	19,779,072	13,608,336	16,527,006
School Nutrition	37,005,819	50,311,616	19,868,979	16,339,468	19,788,353
Other Federal Funds	20,876,675	19,516,478	22,031,142	9,567,902	10,283,352
<b>Subtotal – Federal</b>	<b>\$74,886,585</b>	<b>\$85,930,123</b>	<b>\$65,088,998</b>	<b>\$42,564,434</b>	<b>\$49,905,186</b>
<b>Other Financing Sources</b>					
	<b>\$12,000,000</b>	<b>\$12,000,000</b>	<b>\$12,000,000</b>	<b>\$12,000,000</b>	<b>\$12,000,000</b>
<b>Total – School Funds</b>	<b>\$1,433,109,645</b>	<b>\$1,561,394,543</b>	<b>\$1,670,015,773</b>	<b>\$1,756,492,624</b>	<b>\$1,902,489,346</b>
<b>Student Enrollment</b>					
	<b>81,504</b>	<b>81,642</b>	<b>82,233</b>	<b>82,125</b>	<b>83,308</b>



- **Administration** – The School Superintendent first presents a proposed budget to the School Board. The Board may adopt or modify the Superintendent’s proposal to arrive at its own proposed budget, including the General Fund Transfer amount. The Board of Supervisors must appropriate the General Fund Transfer from the County to the School System, which may or may not fully fund the School Board’s request.







# Forecast Discussion and Analysis

## The Economic Outlook

In FY 2024 the County, and much of the world, has experienced robust economic growth. Concurrent with unexpectedly strong performance in Gross Domestic Product (GDP) and job creation, the unemployment rate has remained low. The FY 2025 budget was developed within the context of an ongoing economic expansion, which is expected to continue as inflation diminishes in the U.S. and the Federal Reserve eases credit conditions by cutting interest rates sometime in the latter part of 2024 or early 2025. The following table highlights the change year-over-year change in key regional economic indicators (as reported and forecasted by Moody's Analytics<sup>1</sup>) that staff has considered while developing the FY 2025 budget.

### Washington, DC MSA Economic Indicators – Change from Previous Fiscal Year

Fiscal Year	Real Gross Domestic Product (GDP)	Non-Farm Employment	Retail Sales	Median Single-Family Home Price
2022	3.1%	3.9%	11.8%	10.8%
2023	1.1%	2.2%	5.0%	2.3%
2024	2.1%	1.5%	3.5%	4.2%
2025	1.7%	0.6%	3.0%	(2.6%)

The FY 2025 revenue forecast assumes that Loudoun's economy will continue to grow in 2024 and 2025. Forecasted numbers from Moody's Analytics suggest that the rate of growth in Loudoun's GDP, which measures the total dollar value of goods and services produced in the County during a particular time period, generally will outperform the rates of increase in GDP at the national, state, and regional levels in FY 2024 and FY 2025. The table below displays the actual and forecasted year-over-year changes in GDP for the U.S.; Virginia; the Washington, D.C. Metropolitan Statistical Area (MSA); and Loudoun County.

### Gross Domestic State/Metro/County Product – Change from Previous Fiscal Year

Fiscal Year	U.S.	Virginia	Washington, D.C. MSA	Loudoun County
2022	3.9%	3.7%	3.1%	7.9%
2023	1.6%	1.1%	1.1%	3.0%
2024	1.9%	1.9%	2.1%	4.9%
2025	1.3%	1.5%	1.7%	3.7%

As the economy has continued to expand in the past two years, total non-farm employment in Loudoun County has grown. As shown on the table below, total non-farm employment in Loudoun is forecasted by Moody's to increase by about 7,000 positions (3.6 percent) between FY 2023 and FY 2024 and grow again by about 5,000 jobs (2.2 percent) between FY 2024 and FY 2025, assuming an economic slowdown does not take place. This growth in the *total number of jobs* in the County should result in Loudoun's multi-year *unemployment rate*, shown in the last column of the second table below, remaining in a range of 2.3 percent to 2.5 percent through 2025, i.e., at a level that many economists would consider "full employment." The unemployment rate among Loudoun County residents is projected to be lower than the corresponding rates in the U.S.; Virginia; and Washington, D.C. MSA. In interpreting the unemployment rate, it is important to note that the unemployment rate includes only people who

<sup>1</sup> Based on October 2023 Baseline Forecasts.



## Forecast Discussion and Analysis

have remained in the job market and are seeking employment; the figure does not include people who have dropped out of the labor market.

### Non-Farm Employment

Fiscal Year	U.S. (millions)	Virginia (thousands)	Washington, D.C. MSA (thousands)	Loudoun County (thousands)
2022	149.81	4,012.18	3,269.09	199.56
2023	154.69	4,119.48	3,341.83	207.10
2024	156.84	4,161.32	3,390.39	214.59
2025	157.36	4,180.17	3,409.98	219.29

### Unemployment Rate

Fiscal Year	U.S.	Virginia	Washington, D.C. MSA	Loudoun County
2022	4.2%	3.0%	3.6%	2.3%
2023	3.6%	3.0%	2.9%	2.4%
2024	3.9%	2.9%	2.9%	2.3%
2025	4.2%	3.1%	3.2%	2.5%

As with any economic forecast, there are upside and downside risks to the forecast. Upside risks currently include the ongoing strength of the U.S. labor market, i.e., job growth might allow the U.S. to avoid a recession; and the possibility that the U.S. Federal Reserve will achieve an “economic soft landing” and will begin to lower interest rates in the next year. Downside risks to the forecast include potential lagged impacts of currently tight credit conditions; continuing global geopolitical uncertainty; and the potential advent of recessions in other regions of the world that might depress economic activity in the U.S.

Preliminary estimates<sup>1</sup> for 2023 indicate that the County issued building permits for 1,844 new residential dwelling units (excluding group quarters units), compared to just under 2,305 units for 2022, a decrease of about 20 percent. This year-over-year result likely represents the heightened interest rate environment faced both by builders and end purchasers of housing. The 2023 figure reflects a continuing decline from the levels through most of the past decade, when about 3,500 permits were issued most years. According to Bright MLS data, the number of sales of existing homes in the County decreased by 23.8 percent in 2023 while the average monthly median sale price increased 4.7 percent. While the number of sales was down compared to 2022, the inventory remained limited with homes remaining on the market an average of just 19 days. On average, there were 440 active listings each month compared to an average of 470 active listings each month in 2022. The FY 2025 Proposed Budget reflects appreciation of existing residential homes of 4.53 percent as of January 1, 2024, as estimated by the Commissioner of the Revenue<sup>2</sup> and forecasts 1.5 percent appreciation for January 1, 2025. The assessed value of existing taxable commercial and industrial property jumped by 22.6 percent during 2023. Revaluation across the commercial portfolio varied by property type with data centers seeing the largest increases year-over-year. The County continues to attract data centers with several site acquisitions and development plans announced in the past year. In 2023, the County issued building permits for 4.2 million square feet of data center space. Existing multi-family properties experienced revaluation of 4.75 percent.

<sup>1</sup> Final data are typically a little lower, reflecting permit cancellations occurring early the following year.

<sup>2</sup> Source: January 22, 2024, Assessment Summary.



## Forecast Discussion and Analysis

### General Property Taxes – Methodology

Forecasts for both real and personal property tax revenues are developed in consultation with the Commissioner of the Revenue, the Clerk of the Circuit Court, and the County Treasurer among others. Forecasts are based on current estimates of respective tax bases, coupled with forecasts of growth or decline. Forecasts incorporate historical analysis, expected growth and business activity, forecasted new construction, information regarding broader trends in market values, and economic forecasts. In developing forecasts, staff considers also considers trends for deferrals, tax relief, collections, and adjustments to assessments. Each fiscal year encompasses two different tax years. The FY 2025 (July 1, 2024 to June 30, 2025) forecast combines the forecasts for Tax (Calendar) Year 2024 and Tax (Calendar) Year 2025.

### Real Property Taxes – Assessed Value, Equalization, and Rates

Real property taxes are levied on the value of land and structures. All real property is classified according to its mode of use as residential, commercial/industrial, or agricultural. The following table shows the assessed valuations of taxable real property within the County (exclusive of Public Service property, both real and non-motor vehicle personal, valued at \$4.4 billion on January 1, 2023). Valuations reflecting the condition of the property and market valuations are shown as of January 1 for each calendar year or TY as required by the Code of Virginia. The table also shows the estimated contributions of property equalization (or revaluation) and new development to the change in assessed value. During TY 2023, the taxable value of real property is estimated to have increased by \$16.51 billion or 12.93 percent, with 8.7 percentage points coming from revaluation and 4.23 percentage points coming from new development. The value of residential property increased by 6.28 percent of which 1.75 percentage points were due to new development while existing properties appreciated in value by 4.53 percent. In TY 2023, commercial/industrial property (including multi-family apartments) gained 31.76 percent; 20.43 percentage points of their 2024 values resulted from revaluation, reflecting the ongoing growth in demand for properties, especially data centers; new development accounted for 11.33 percentage points of overall growth, due in large part to data center construction.

Real Property Class	Taxable Assessed Value (billions)		Overall \$	Overall %	Equalized %	Develop. %
	Jan 1, 2023	Jan 1, 2024 <sup>1</sup>	Change	Change	Change	Change
Residential	\$92.73	\$98.55	\$5.82	6.28%	4.53%	1.75%
Comm. & Industrial <sup>1</sup>	33.25	43.81	10.56	31.76%	20.43%	11.33%
Agricultural <sup>2</sup>	1.70	1.83	0.13	7.79%	6.44%	1.34%
<b>Total Taxable</b>	<b>\$127.68</b>	<b>\$144.19</b>	<b>\$16.51</b>	<b>12.93%</b>	<b>8.70%</b>	<b>4.23%</b>

The “Equalized % Change” in the value of real property results from market forces as properties are transferred from sellers to buyers at sale prices negotiated in arms-length transactions. A positive (negative) equalized change indicates that recent buyers of properties have generally paid more (less) for the property than was true a year ago, even in the absence of significant property improvements. The remainder of the increase in property value is labeled “Development % Change” which reflects the building of new structures, the sub-division of large parcels of land, and improvements such as grading and landscaping. The percentage change in taxable value due to development during TY 2023 was 4.23 percent overall and 1.75 percent for the residential class only. The equalized percentage increase for all property classes combined was an estimated 8.70 percent during TY 2023<sup>3</sup> with strong revaluation in both residential and commercial properties. The FY 2025 Proposed Budget is predicated on a real

<sup>1</sup> Includes commercial apartment buildings.

<sup>2</sup> Taxable value is land use value, not fair market value for properties in the land use program.

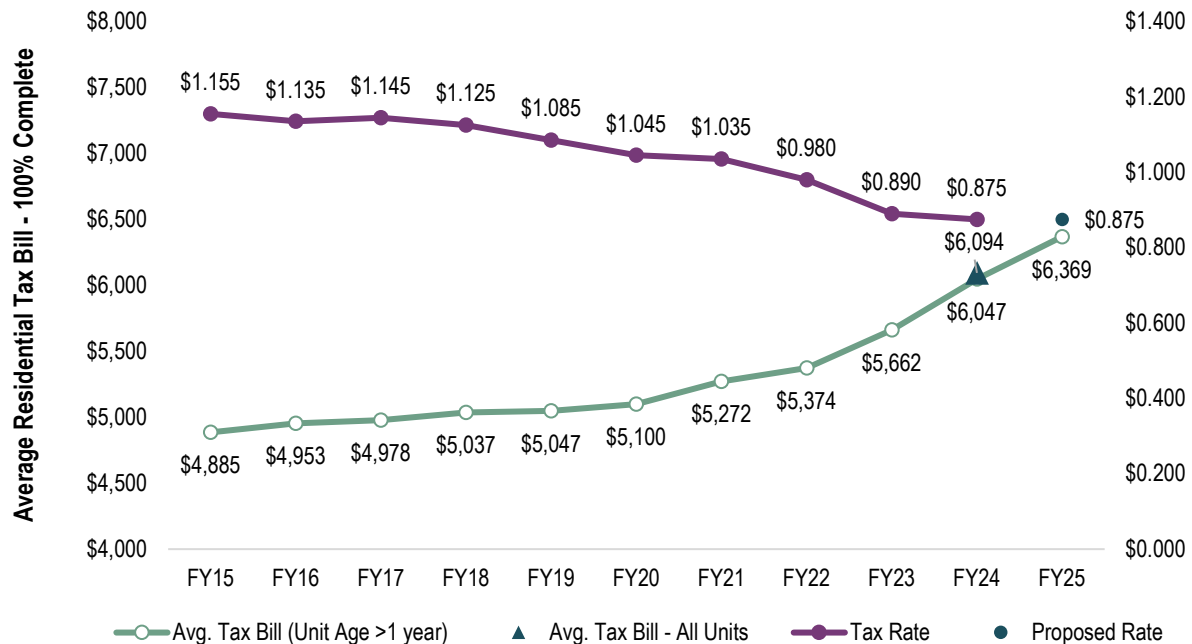
<sup>3</sup> The equalized percentage change is an *average* value for the set of properties being assessed. The equalized change in value of individual properties will generally differ from the average depending upon the specific characteristics of the property (e.g., location, age, size, condition).



## Forecast Discussion and Analysis

property tax rate of \$0.875 effective January 1, 2024. The estimated *overall* equalized tax rate – the rate that would yield approximately the same tax revenue in Tax Year 2024 from completed properties in existence in Tax Year 2023 as that yielded by the actual 2023 tax rate – is \$0.805<sup>1</sup>. The graph below shows the history of Loudoun’s real property tax rate (purple line) along with the associated average tax bill for homes that were completed at least one year prior to January 1 of the year shown (green line).

Given the large rates of appreciation, the homeowner’s equalized rate is \$0.840 and \$0.730 for commercial and industrial (including multi-family). The graph below shows that the tax rate of \$0.875 increases the annual tax bill for the average home in existence as of January 1, 2024, by \$275, from \$6,094 in 2023 to \$6,369 in 2024.



### Personal Property Taxes

The table of General Property Taxes on page R-3 contains nine different categories of personal property tax revenues each corresponding to a specific category of personal property specified in State law. The two largest categories are “Computer Equipment” and “Vehicles”. State law specifies at least 20 categories of tangible personal property for the purpose of assessing market value. For example, automobiles and light trucks are distinct categories for valuation purposes. State law also allows local authorities to set the tax rate on general personal property and permits them to set tax rates below the general rate for specific categories of personal property and/or for taxpayers meeting designated criteria (e.g., elderly and disabled, charitable, volunteer).

### Business Tangible Personal Property Taxes

Business tangible personal property is assessed at 50 percent of original cost in the first year, decreasing each year to 10 percent for property at least five years old. The largest component of business tangible personal property is computer equipment taxes which are primarily attributable to data centers. This revenue has been a significant source of tax revenue in the past decade, experiencing annual increases of between 16 and 38 percent, with an average increase of 24 percent.

<sup>1</sup> The County’s practice is to round the tax rate up to an even half-cent (\$0.005) value which can cause the percentage difference between the existing and equalized tax rate to differ slightly from the reported equalized percentage for taxable real property.



## Forecast Discussion and Analysis

OMB continues to partner with departments across the County including the Office of the Commissioner of the Revenue, the Department of Economic Development, the Department of Planning and Zoning, and the Department of Information Technology as well as representatives of the data center industry to refine the revenue model used to forecast this highly complex revenue. These members assist OMB in understanding the changes in zoning, planned development, status of new development, changes in taxation, and how potential future changes in technology could impact the data center industry in Loudoun. The revenue model focuses deliberately on a phased-in approach to outfitting new facilities based on the evolution of the industry in Loudoun and a deliberate approach to accounting for refreshment rates. More recently, the model has also been adapted to reflect potentially changing market conditions and issues such as the availability of electricity.

### Vehicle Taxes

Vehicle personal property tax revenue depends upon the number and characteristics (e.g., age, make, and model) of the vehicles registered with the County, since these factors determine their assessed value. The number of vehicles in the County tends to increase over time along with the growth in population. The purchase of newer and/or more expensive vehicles tends to increase the assessed value, while retention of existing vehicles tends to reduce it due to depreciation (as determined by the used car market). Typically, forecasts for vehicle personal property tax revenues are undertaken econometrically and are based on factors such as the size of Loudoun's Gross Domestic Product, the level of consumer borrowing costs, and the value of the previous year's levy. Although recessions are often followed by declines in vehicle values (as consumers tend to purchase fewer new vehicles during times of difficult economic conditions and keep their aging old vehicles) the supply chain constraints that the world experienced during the COVID-19 pandemic and its aftermath put upward pressure on both new and used automobile values. In response to the unusual increase in values seen for TY 2022, with the concurrence of the Board of Supervisors, the Commissioner of the Revenue applied an 80 percent assessment ratio to personal use, non-commercial vehicles for TY 2022. Staff anticipates that to mitigate large tax bill increases, assessment ratios could be considered for the next few years until vehicle values return to a new normal. The FY 2025 Proposed Budget has been constructed in a way as to allow the Commissioner of the Revenue and the Board the flexibility to consider an assessment ratio for TY 2024.

### *Personal Property Tax Relief*

In FY 1999, the State began a phased reduction of personal property taxes on the first \$20,000 in value of private vehicles. During the 2004 General Assembly session, the reduction was held to 70 percent, with the foregone revenue reimbursed to localities. In 2006, the State's reimbursement to localities was capped, with Loudoun's set at \$48,071,701. Consequently, the percentage reduction on each citizen's tax bill will decline over time as the value of the vehicle stock continues to increase. For TY 2024, the forecasted percentage in Loudoun is 26 percent. This percentage is recalculated each spring once vehicle assessments for the previous January 1 are available.

### Other Local Taxes

Other local tax revenues, including sales and use tax; consumer taxes; business, professional, and occupational license taxes, and recordation tax, are forecasted based on historical trends and future economic forecasts. These tax revenues tend to be driven by prices, income, employment, and consumer sentiment. In the case of recordation tax, home prices and interest rates are also significant contributors to revenue changes. Staff relies on regression analysis and past historical relationships to forecast future revenues. Revenue forecasts are reviewed by the Revenue Committee.



## Forecast Discussion and Analysis

### Permits, Fees, and Licenses

Permit, fee, and license revenue forecasts are generally the result of forecasted development in Loudoun County, forecasted residential and non-residential construction, employment, and home prices. Staff relies on regression analysis and past historical relationships to forecast future revenues. These most significant of these revenue forecasts are prepared in coordination with the Departments of Building & Development and Planning & Zoning and reviewed by the Revenue Committee

### Fines & Forfeitures

Fines & forfeiture revenue comprise a small share of General Fund revenues and are generally consistent from one year to the next.

### Use of Money and Property

Use of money and property revenue consists of interest revenue from investments and property rental revenues. Interest forecasts are prepared in consultation with the Office of the Treasurer and consider average portfolio balances and interest rates. Property rental revenues are not a significant source of General Fund revenue and are generally forecasted based on historical information, including leases.

### Charges for Services

Charges for services revenue is typically generated by department programs and is reviewed annually in consultation with the respective departments. While long-term forecasts have been considered for this revenue, economic forecasts traditionally do not tend to provide accurate forecasts for these types of behavior-driven revenues. Population can be a helpful indicator, but revenue levels are often more dependent on the level of programming offered – i.e., expansion of after-school programs, opening of new community facilities, increased ridership on transit services, etc.

### Recovered Costs and Miscellaneous Revenues

Recovered costs and miscellaneous revenues are typically generated by department programs and are reviewed annually in consultation with the respective departments. Long-term forecasts for these revenues are generally flat with some consideration given to population growth. As is the case with Charges for Services, however, these revenues are more often connected to service delivery. The largest single source of revenue in this category is Medicaid reimbursements, which is largely dependent on the number of Medicaid waiver slots allocated by the State to the Department of Mental Health, Substance Abuse, and Developmental Services.

### Commonwealth Aid

Commonwealth aid is primarily comprised of the State's annual reimbursement of \$48,071,700 from the PPTR Act, reimbursements for constitutionally mandated offices, daily vehicle rental taxes, grantors' tax, and grants for mandated programs such as social service activities and transit activities. Daily vehicle rental tax revenue is typically forecasted based on anticipated passenger activity at Washington Dulles International Airport while the grant revenues for mandated programs can be loosely tied to population growth or expanded services.

### Federal Aid

Federal aid is primarily comprised of grants for mandated programs. Revenues vary from one year to the next based on the funding available in the federal budget. These funds are most often reimbursement based.