



Commissioner of the Revenue

The Commissioner of the Revenue is a locally-elected constitutional officer whose tax assessment duties are mandated by the Code of Virginia and local ordinances. The Commissioner is elected at-large for a four-year term and provides direct service to all Loudoun residents and business owners on an annual basis. As the chief tax assessing officer of Loudoun County, the Commissioner of the Revenue and his staff are responsible for the County's top three locally-administered sources of revenue: real estate, personal property, and business license taxes. After completing the assessment process, the Office of the Commissioner of the Revenue ("the Office") forwards the assessment information necessary for preparing tax bills to the County's Office of the Treasurer and incorporated towns that require it for billing purposes. The Office also administers the County's land use assessment program, tax relief for persons 65 or older or with disabilities, and tax exemptions for revitalized real estate, solar equipment, and surviving spouses of members of the armed forces killed in action. The Office provides some state income tax filing assistance.

In addition to mandated duties, the Office of the Commissioner of the Revenue assists the County's economic development efforts to attract and retain commercial enterprises by counseling prospective businesses on the tax advantages of a Loudoun location. The Office evaluates the fiscal impact of proposed legislative changes to taxes administered by the Office and their effects on Loudoun residents and businesses. The Office of the Commissioner of the Revenue is also responsible for local tax compliance measures to ascertain and assess all subjects of taxation by obtaining tax returns, investigating returns as necessary, and auditing businesses for tax compliance.

Commissioner of the Revenue's Programs

Tax Assessment

Identify, assess, value, and defend valuations for real estate; identify, classify, and assess personal property, business license taxes, and business property taxes. Tax assessment also includes audits and field inspections to ensure equitable assessment of taxes.

Tax Exemptions and Deferrals

Administer the County's Tax Relief for the Elderly and Disabled program and Tax Exemptions for Disabled Veterans and their surviving spouses by processing applications, qualifying applicants, and adjusting tax accounts; administer property tax exemptions by classification and designation; administer the County's Land Use program by processing applications, qualifying property, conducting site visits, and assessing qualifying land.

Tax Compliance

Conduct tax audits and field inspections to ensure equitable assessment of business taxes and compliance with the County Ordinance and State Tax Code.

Administration

Provide direct service to all Loudoun County residents and business owners and respond to all appeals through an administrative review process specific to each type of tax.

**Commissioner of the Revenue****Budget Analysis****Department Financial and FTE Summary¹**

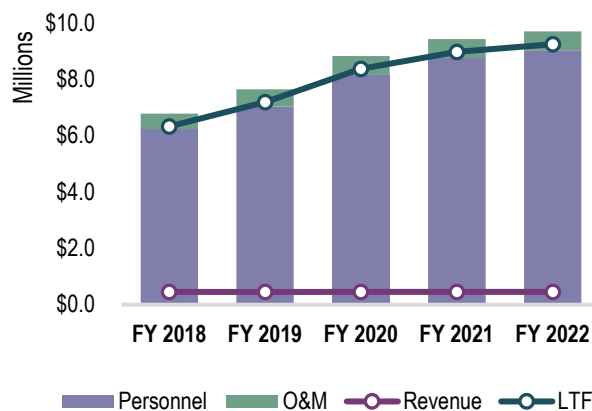
	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	FY 2022 Projected
Expenditures					
Personnel	\$6,234,132	\$7,029,487	\$8,156,709	\$8,766,026	\$9,029,007
Operating and Maintenance	549,633	613,805	670,034	667,052	673,723
Total – Expenditures	\$6,783,764	\$7,643,292	\$8,826,743	\$9,433,078	\$9,702,730
Revenues					
Permits, Fees, and Licenses	\$113,239	\$109,743	\$100,000	\$100,000	\$100,000
Intergovernmental – Commonwealth	342,303	341,951	355,122	355,122	355,122
Total – Revenues	\$455,543	\$451,694	\$455,122	\$455,122	\$455,122
Local Tax Funding	\$6,328,222	\$7,191,598	\$8,371,621	\$8,977,956	\$9,247,608
FTE	68.93	73.93	78.93	81.93	81.93

¹ Sums may not equal due to rounding.



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Revenue and Expenditure History



Revenue/Local Tax Funding

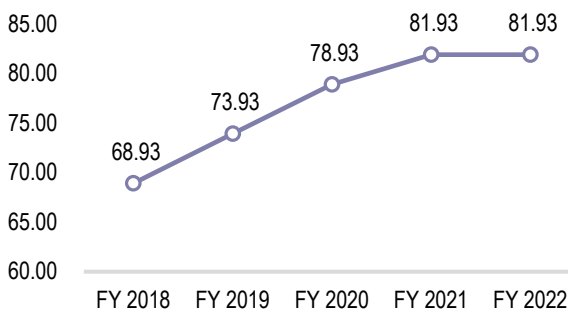
As shown, the Office of the Commissioner of the Revenue operates primarily with local tax funding (over 95 percent). Program-generated revenue consists of land use application fees and reimbursements from the Virginia Compensation Board.

Expenditure

The majority of the Office's expenditure budget is dedicated to personnel costs (93 percent). Increases in personnel costs have been driven by additional staffing as outlined in the Staffing/FTE History section, a 3 percent market-based salary adjustment and a 3.5 percent merit-based increase in FY 2019, a 2 percent market-based salary adjustment and a 3 percent merit-based increase in FY 2020, and adjustments

in FY 2020 to reflect a new classification and compensation system approved by the Board of Supervisors in November 2019. Increases also reflect positions included in the FY 2021 Proposed Budget.

Staffing/FTE History



FY 2018: 1.00 FTE tax exemptions and deferral specialist

FY 2019: 2.00 FTE personal property tax compliance specialists, 3.00 FTE real estate appraisers

FY 2020: 2.00 FTE real estate appraisers, 1.00 FTE residential supervising appraiser, 1.00 FTE business tax compliance senior auditor, 1.00 FTE business tax compliance senior officer

The Office of the Commissioner of the Revenue's expenditure increases are primarily attributed to personnel costs including higher compensation and added positions, as indicated in the Staffing/FTE History graph above.

The FY 2020 Adopted Budget added two real estate appraisers, a residential supervising appraiser, a senior business tax compliance auditor, and a senior business tax compliance officer, all of which are filled. The appraiser positions assist the Office in addressing the general growth in overall parcels as well as the evolution in the complexity of properties to be assessed – particularly in the commercial sector. The residential supervising appraiser maintains the appropriate supervisor to staff ratio based on the appraiser positions added in FY 2019 and FY 2020. The FY 2020 Adopted Budget also added staff focusing on tax compliance and audit functions for business personal property and business, professional, and occupational license taxes. Compliance initiatives are necessary to ensure fair and equitable taxation, thereby reducing the number of appeals and refunds to taxpayers and increasing revenue collection. These positions will help the Office meet its goal to audit at least 25 percent of accounts annually.

Operating and maintenance expenditures reflect gradual increases for postage and mailing services due to the increased number of parcels, vehicles, and business accounts in the County. In addition, the FY 2021 Proposed Budget includes a base adjustment of approximately \$5,000 for electronic subscriptions. In FY 2021, vehicle replacement charges have been adjusted based on an annual review of the resources available in the vehicle replacement fund. The FY 2021 Proposed Budget for the



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Office of the Commissioner of the Revenue includes a \$20,000 reduction from FY 2020 to reflect this change in addition to regular adjustments.

For FY 2021, the Department's budget request is focused on the thematic area of fiscal responsibility.

Fiscal Responsibility

The County population continues to grow, further increasing the number of parcels to be assessed annually. Based on a workload study completed in FY 2018, it was determined that there was an overall need in the Real Property Tax Assessment division for eight additional appraisers through FY 2022. As a result of recruitment challenges and the extensive training required for appraisers, the Office has requested real property appraisers incrementally (three in FY 2019, three in FY 2020, and one in FY 2021) and anticipates requesting one position in FY 2022.

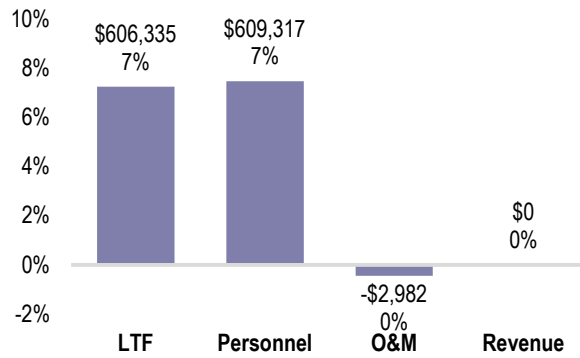
The FY 2021 Proposed Budget includes one residential appraiser. Work assignments, on average, have exceeded 8,200 parcels per appraiser, significantly above the industry standard of 5,000. Additional staff capacity will help to address the sketching backlog and increase the frequency of parcel and field reviews. The Office has a backlog of approximately 40,000 residential parcels that need to be confirmed in the County's assessment system with a new or revised sketch—a digital rendering of the building's exterior dimensions and size calculations. The optimal service level for field and parcel reviews is at least every five years to reconcile previously collected data and guarantee accuracy. However, current staffing levels do not provide for the adequate reconciliation of this important information and the review schedule is six to seven years. Reducing the sketching backlog and increasing the frequency of neighborhood reviews will improve the accuracy of assessments completed by the Office. This ultimately serves to reduce assessment appeals and improves staff's ability to forecast and capture future revenue and assessment growth.

The Office is also requesting two systems analysts positions. One position is requested to support the evolving complexity of real property assessment functions of the residential and commercial mass appraisal application. The second position will support the increased complexities of business tax, personal property tax, tax relief and exemptions, tax compliance, and public-facing tax filing and parcel web portals. The direct customer base for the mass appraisal, appraisal and tax, and public access systems is approximately 78 Commissioner of Revenue staff, 75 County staff, regional title examiners, and members of the public. Both positions will also indirectly provide support to various County departments including Building and Development, Planning and Zoning, Mapping and Geographic Information, and the Department of Budget and Finance as well as the incorporated towns. The current resources manage all operational support, information requests, and major system enhancements. This request increases the technical and operational support team's staff from three to five systems analysts. With these additional resources, the Office expects more timely responses to support tickets; ongoing support for existing data sates, and continued systems enhancements for field data collection, geographic information system (GIS) integration, and assessment methodologies. Additional resources will allow the office to maintain responsiveness to business needs, provide more robust and timely reporting, and reduce response times for staff and public support.



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Percent Change from Adopted FY 2020 to Proposed FY 2021



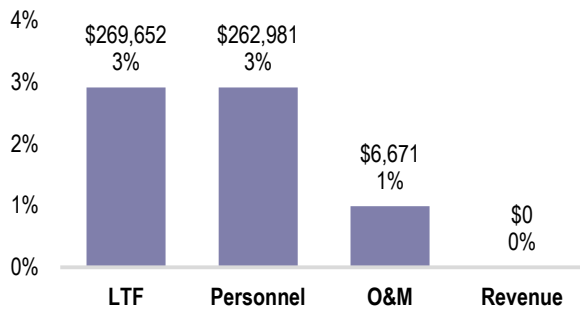
Reasons for Change:

Personnel: ↑ general pay changes ||

O&M: ↓ decrease in vehicle replacement costs ||

Revenue: ↔

Percent Change from Proposed FY 2021 to Projected FY 2022



Reasons for Change:

Personnel: ↑ 3 percent || **O&M:** ↑ 1 percent

Revenue: ↔



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FY 2021 Proposed Resource Requests¹

Priority 1: Residential Real Property Appraiser

Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
\$88,146	\$9,365	\$0	\$0	\$0	\$97,511	1.00
Details			Overview			
Service Level:	Current Service Level Request		<ul style="list-style-type: none">• The backlog of structures to be sketched into the system is approximately 40,000.• Timeliness of neighborhood reviews has improved but is still behind schedule (every 6-7 years compared to every 5 years).• There are 8,200 parcels per appraiser, which is above the industry standard of 5,000 per appraiser, with an increasing number of parcels as the County grows.• The Office is in year three of four for the phased in staffing solution for the Real Property Tax Assessment activity.			
Mandates:	Federal/State Mandate					
PM Highlight:	Percent of Permitted Improvements Validated through Site Visits; Backlog of Residential Parcels to be Sketched					
Program:	Tax Assessment/Residential Real Property Tax Assessment					
Positions:	1 Residential Appraiser I					
Theme:	Fiscal Responsibility					
One-time Costs:	\$6,265					
Recurring Costs:	\$91,246					

Priority 2: Technical and Operational Support - Systems Analysts

Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
\$204,891	\$18,016	\$12,500	\$0	\$0	\$235,407	2.00
Details			Overview			
Service Level:	Current Service Level Request		<ul style="list-style-type: none">• One systems analyst will support the real property mass appraisal system.• The second position will support the business tax, personal property tax, tax relief and exemptions, tax compliance, and public facing tax filing and parcel web portals.• Both positions will indirectly provide support to County departments including Building and Development, Planning and Zoning, Mapping and Geographic Information, and the Department of Budget and Finance.			
Mandates:	Not mandated					
PM Highlight:	None					
Program:	Administration – Technical and Operational					
Positions:	2 Systems Analysts					
Theme:	Fiscal Responsibility					
One-time Costs:	\$23,470					
Recurring Costs:	\$211,937					

Department Total

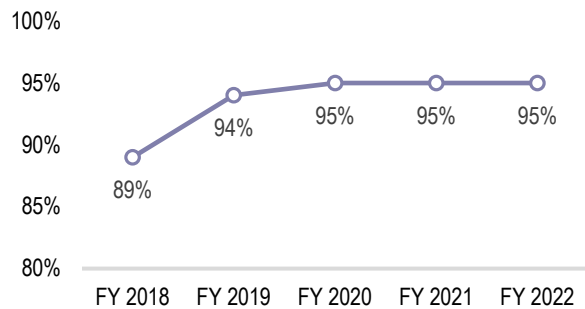
Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
\$293,037	\$27,381	\$12,500	\$0	\$0	\$332,918	3.00

¹ The requests presented display total cost, including the acquisition of vehicles, technology, and office furniture (as applicable). Funds for these items are shown in the Non-Departmental section, page 6-2.



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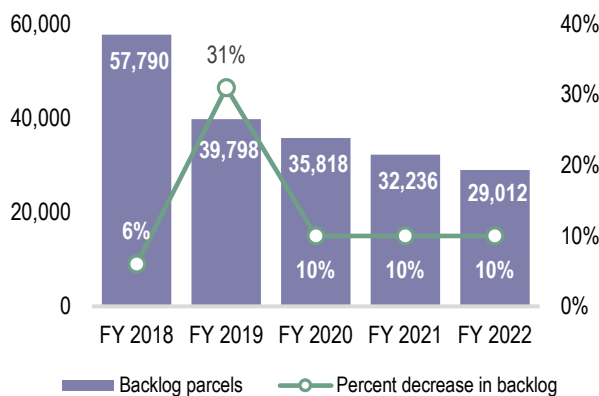
Key Measures¹



Objective: Verify 96 percent of sales annually.

Measure: Percent of sales verified.

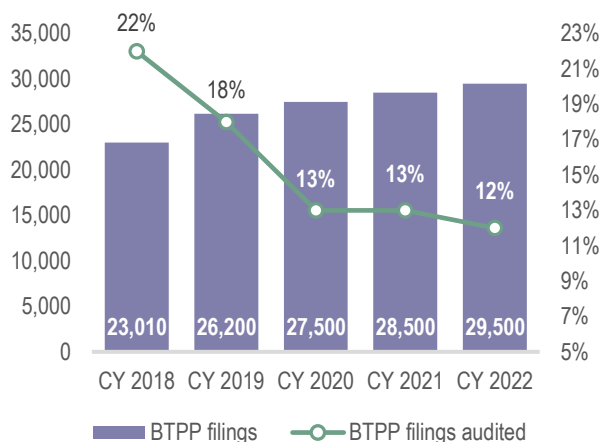
With appraisers approved in FY 2020 Adopted Budget and the additional appraiser requested in FY 2021, the Office will continue to verify an estimated 95 percent of sales. Without additional appraisers, this rate would decrease. An inability to verify sales could result in less accurate assessments.



Objective: Reduce the backlog of residential parcels that need to be sketched by 10 percent each year.

Measure: Number of backlog parcels; Percent decrease in residential parcels that need to be sketched.

With appraisers added in FY 2019 and FY 2020, the Office has reduced the number parcels that need to be sketched. The requested appraiser will maintain the Office's ability to reduce the number of residential parcels that need to be confirmed in the County's assessment system with a new or revised sketch.



Objective: Audit Business Tangible Personal Property (BTPP) filings.

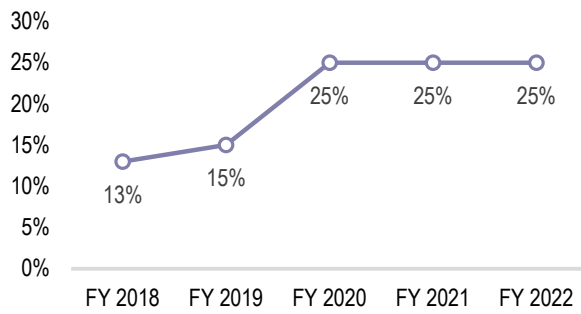
Measure: Number of BTPP filings; Percent of BTPP with desk audits.

From CY 2016 to CY 2019, BTPP tax filings increased 31 percent, and taxes assessed increased over 105 percent (\$157.9 million to \$326.5 million). Since business taxes are self-reported, staff must review individual filings to verify accuracy.

¹ For key measures that relate to resources included in the Proposed Budget, FY 2021 and FY 2022 data reflect the estimated impact of these resources.



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Objective: Audit 25 percent of business personal property accounts annually.

Measure: Percent of business personal property accounts audited.

The tax compliance position added in the FY 2020 Adopted Budget will help the Office meet the goal of auditing 25 percent of business personal property accounts.