



General Fund Revenue and Trends FY 2022 Proposed Budget

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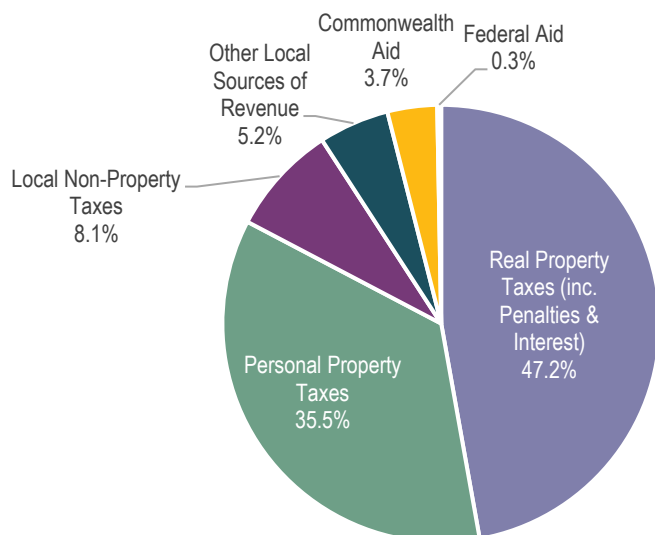




General Fund Revenue and Trends

The General Fund is one of multiple funds that exist within the County's accounting and budgeting systems. It is the largest such 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, Local Non-Property Taxes, Other Local Sources of Revenue, Commonwealth Aid, and Federal Aid. The chart below shows the percentage contribution of each of these five categories to FY 2022 Proposed General Fund Revenue, the largest being General Property Tax revenues (separated into its Real and Personal Property tax components) at 81 percent.

FY 2022 Proposed Budget General Fund Revenue



The County's Revenue Committee reviews all estimates of local tax revenues. 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 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 following table¹ presents the five major General Fund revenue categories and related subcategories. The following pages present historic and projected revenues for each subcategory at a greater level of detail along with brief descriptions of each. The actual amounts shown for Total General Fund Revenue for past years may exceed the corresponding values reported in Schedule 1 and Exhibit V of the County's Comprehensive Annual Financial Report (CAFR). The CAFR does not classify inter-fund transfers (here included within 'Other Financing Sources') or proceeds from asset sales (here included in 'Miscellaneous') as revenue.

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

**General Property Taxes****General Fund Revenue Summary**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
General Property Taxes					
Real Property	\$859,469,049	\$878,132,958	\$918,362,208	\$972,456,700	\$981,665,460
Personal Property	334,761,967	408,557,285	485,247,840	560,515,970	746,228,740
Penalties & Interest	9,712,425	9,437,408	10,995,630	9,150,000	9,150,000
Total General Property	\$1,203,943,441	\$1,296,127,652	\$1,414,605,678	\$1,542,122,670	\$1,737,044,200
Local Non-Property Taxes					
Sales & Use Tax	\$74,095,287	\$77,782,399	\$80,478,625	\$81,311,500	\$82,938,000
Consumers Utility Taxes	22,094,646	22,173,117	22,452,354	21,359,600	22,114,300
Business License (BPOL)	36,760,291	39,543,907	42,789,774	41,598,500	41,710,600
Franchise Fees & Misc.	27,637,222	24,562,942	27,424,434	25,973,140	24,093,300
Total Non-Property Taxes	\$160,587,446	\$164,062,365	\$173,145,186	\$170,242,740	\$170,856,200
Total Local Tax Revenue	\$1,364,530,887	\$1,460,190,016	\$1,587,750,864	\$1,712,365,410	\$1,907,900,400
Other Local Revenues					
Permits, Fees, & Licenses	\$26,413,319	\$25,850,493	\$21,733,966	\$23,874,129	\$25,078,859
Fines & Forfeitures	2,059,764	1,929,794	1,541,034	1,652,700	1,543,300
Use of Money & Property	14,018,102	24,414,455	21,480,879	14,927,544	5,340,562
Charges for Services	39,286,622	41,509,070	34,131,804	49,213,428	46,020,501
Miscellaneous Revenue	16,786,369	8,640,741	11,921,670	706,900	824,437
Recovered Costs	11,708,816	10,684,252	10,137,940	9,808,109	9,484,223
Other Financing Sources	7,856,807	7,986,566	1,443,220	41,126,385	44,862,769
Total Other Local Revenue	\$118,129,799	\$121,015,371	\$102,390,513	\$141,309,195	\$133,154,651
Total Local Revenue	\$1,482,660,686	\$1,581,205,387	\$1,690,141,376	\$1,853,674,605	\$2,041,055,051
Commonwealth Aid					
Non-Categorical	\$58,382,879	\$58,369,174	\$57,191,811	\$58,034,693	\$56,236,693
Shared Expenses	16,153,368	16,485,903	17,446,317	17,160,105	17,160,105
Categorical – Unrestricted	2,711,430	3,020,784	2,370,003	5,361,343	5,127,791
Categorical – Restricted	10,523,714	10,864,378	13,626,646	7,859,775	8,131,693
Total Commonwealth Aid	\$87,771,391	\$88,740,239	\$90,634,777	\$88,415,916	\$86,656,282
Federal Aid					
Payment in Lieu of Taxes	\$3,360	\$3,435	\$3,509	\$1,800	\$1,800
Categorical Aid	9,659,546	10,444,898	28,717,257	9,128,459	9,440,401
Total Federal Aid	\$9,662,906	\$10,448,333	\$28,720,766	\$9,130,259	\$9,442,201
Total General Fund Revenue	\$1,580,094,983	\$1,680,393,959	\$1,809,496,920	\$1,951,220,780	\$2,137,153,534



General Property Taxes

General Property Taxes

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Real Property Taxes					
Current Real Property Taxes	\$837,436,076	\$855,783,653	\$893,577,850	\$951,765,460	\$962,061,000
Real Property – Rollback	2,802,935	1,365,967	3,068,876	0	0
Relief for Elderly & Disabled	(8,913,786)	(10,900,358)	(11,989,446)	(12,420,000)	(12,491,740)
Payment in Lieu of Taxes	234,800	241,900	249,200	256,680	264,400
Total – Real Property Taxes	\$831,560,026	\$846,491,162	\$884,906,480	\$939,602,140	\$949,833,660
Public Service Corporations (PSC) Taxes					
PSC Real Property Taxes ¹	\$27,909,023	\$31,641,796	\$33,455,728	\$32,854,560	\$31,831,800
PSC Vehicle Taxes	33,144	72,410	70,986	65,000	65,000
Total – PSC Property Taxes	\$27,942,167	\$31,714,206	\$33,526,714	\$32,919,560	\$31,896,800
Personal Property Taxes					
Aircraft Taxes	\$30,624	\$42,673	\$47,002	\$50,000	\$50,000
Computer Equipment	195,159,471	255,064,043	319,937,499	394,508,100	586,830,000
Furniture & Fixtures	26,541,445	28,690,506	32,545,424	32,297,400	32,891,250
Heavy Equipment Taxes	2,026,607	1,972,747	1,989,658	1,862,000	1,975,000
Machinery & Tools Taxes	1,967,965	2,336,432	2,325,220	2,430,900	2,300,000
Mobile Home Taxes	14,560	13,877	23,161	13,870	15,000
Satellite Mfg. Equipment	4,980	5,297	4,757	5,000	5,000
Vehicle Taxes	108,921,319	120,291,289	128,226,741	129,218,700	122,087,490
Broadband Wireless Business Equipment	61,854	68,013	11,493	65,000	10,000
Out-of-State License Tax	0	0	65,900	0	0
Total – Personal Property	\$334,728,823	\$408,484,875	\$485,176,854	\$560,450,970	\$746,163,740
Penalties & Interest					
Property Tax Penalties	\$7,699,490	\$7,256,080	\$7,963,632	\$7,500,000	\$7,500,000
Property Tax Interest	2,012,935	2,181,328	2,867,748	1,650,000	1,650,000
Out-of-State License Tax Penalty	0	0	164,250	0	0
Total – Penalties & Interest	\$9,712,425	\$9,437,408	\$10,995,630	\$9,150,000	\$9,150,000
Total – General Property Taxes	\$1,203,943,441	\$1,296,127,652	\$1,414,605,678	\$1,542,122,670	\$1,737,044,200

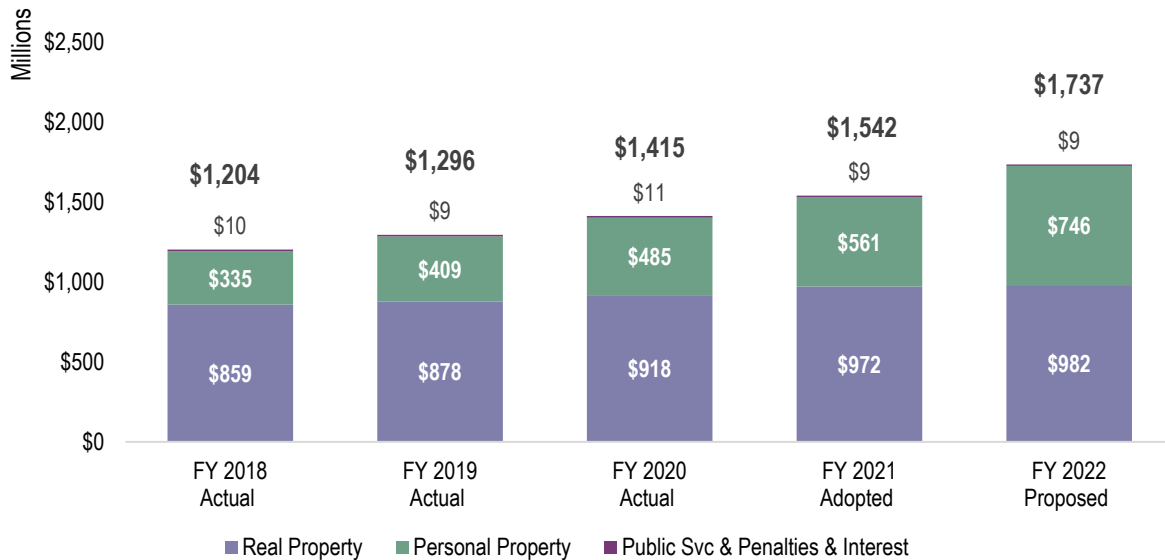
Note: The descriptions of local taxes that follow are general in nature and include main features only. Readers should refer to the statutory references provided or the County website for additional details.

¹ All PSC personal property other than motor vehicles is taxed at the real property tax rate and included in the PSC Real Property total.



General Property Taxes

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. In calendar year 2020 an estimated 7.4 percent or \$7.6 billion of the County's real property assets qualified for tax exemption, consistent with calendar year 2019. 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). In 2020, the County's land use program permitted deferral of taxes on approximately \$1.2 billion or 1.32 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** – Loudoun's Commissioner of the Revenue assesses the fair market value of all real property other than property owned by public service corporations (which is assessed by the Virginia State Corporation Commission), and the operating property of railroads and interstate pipelines (which is 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. Loudoun's Treasurer bills and collects real property taxes semiannually with payments due on June 5 and December 5. Owners of new structures or those under construction may



General Property Taxes

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 County Treasurer issues property tax bills and collects the levies.

- Tax Rate** – The FY 2022 Proposed real property tax revenue estimate reflects a real property tax rate of \$1.005 per \$100 of assessed value on and after January 1, 2021, three cents below the current real property tax rate of \$1.035. During calendar 2020, 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 2020 increased by approximately 3.57 percent. The equalized tax rate 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. 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-8 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’.

Real Property Tax Relief – Foregone Revenue	Tax Year 2018 Actual	Tax Year 2019 Actual	Tax Year 2020 Actual	Tax Year 2021 Est.	Tax Year 2022 Est.
Elderly & Disabled	\$7,702,243	\$7,952,762	\$8,110,973	\$8,200,000	\$8,200,000
Disabled Veterans/KIA Spouse	2,619,769	3,280,485	4,070,356	4,220,000	4,291,740
Total – Real Property Tax Relief	\$10,322,012	\$11,233,247	\$12,181,329	\$12,420,000	\$12,491,740

Real Property Tax Relief

- Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 58.1-3210 et seq., § 58.1-3219.5 et seq.; Loudoun County Ordinances § 4-872.
- Description** – 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 \$72,000 and \$440,000, respectively. Effective January 1, 2019, eligibility for partial relief is also extended to property owners having net worth exceeding \$440,000 but less than \$920,000.01 and who meet the age or disability criteria. Such property owners may qualify for 50 percent tax relief provided their income does not exceed the limit associated with their net worth. 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. 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. Tax relief is provided on a tax year basis.
- 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 Rate** – The real property tax revenue foregone due to these exemptions is calculated using the real property tax rate in effect at the time.



General Property Taxes

- **Supplemental Information** – The estimated amount of tax relief beginning with Tax Year 2019 includes relief associated with the four new income-net worth eligibility brackets adopted by the Board of Supervisors on December 13, 2017. The four new partial relief brackets became effective on January 1, 2019.

Personal Property Taxes

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 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. 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 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

Taxable Real Property	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
Real Property – General	1.125	1.085	1.045	1.035	1.005 ¹
Public Utility Property (PSC)	1.125	1.085	1.045	1.035	1.005 ¹
Route 28 Highway Transportation Improvement District	0.180	0.180	0.180	0.170	0.170
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
Taxable Personal Property	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
Personal Property – General	4.200	4.200	4.200	4.200	4.200
Vehicles including PSC Vehicles ²	4.200	4.200	4.200	4.200	4.200
Furniture & Fixtures ²	4.200	4.200	4.200	4.200	4.200
Computer Equipment ²	4.200	4.200	4.200	4.200	4.200
Special Fuels Vehicles ²	4.200	4.200	4.200	4.200	4.200
Vehicles Powered Solely by Electricity ²	4.200	4.200	4.200	4.200	4.200
Wireless Broadband Equip.	4.200	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 (Excluding Vehicles & Aircraft)	1.125	1.085	1.045	1.035	1.005 ¹
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 of Fire and Rescue Services and Sheriff's Auxiliary	0.010	0.010	0.010	0.010	0.010
Eligible Vehicle of Permanently Qualifying Disabled Veteran	0.010	0.010	0.010	0.010	0.010
Vehicles of Active Virginia Defense Force	4.200	0.010	0.010	0.010	0.010
Vehicles Specially Equipped for Handicapped Transport	2.100	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	1.000	0.010	0.010	0.010	0.010
Mobile Homes Used as Residences (Manufactured Homes)	1.125	1.085	1.045	1.035	1.005 ¹
Machinery and Tools	2.750	2.750	2.750	2.750	2.750
Used in a Research and Development Business	2.750	2.750	2.750	2.750	2.750
Interstate Motor Carrier	2.750	2.750	2.750	2.750	2.750
Satellite Manufacturing Equipment	0.010	0.010	0.010	0.010	0.010

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. Manufactured homes are taxed at the real property tax rate. Generally, the rates on all other classifications are limited to a maximum of the general property tax rate.

¹ Proposed real property tax rate.

² While identified separately above, such a separate classification of personal property has not been established by the Board; such property is taxed at the general property tax rate.



Local Non-Property Taxes

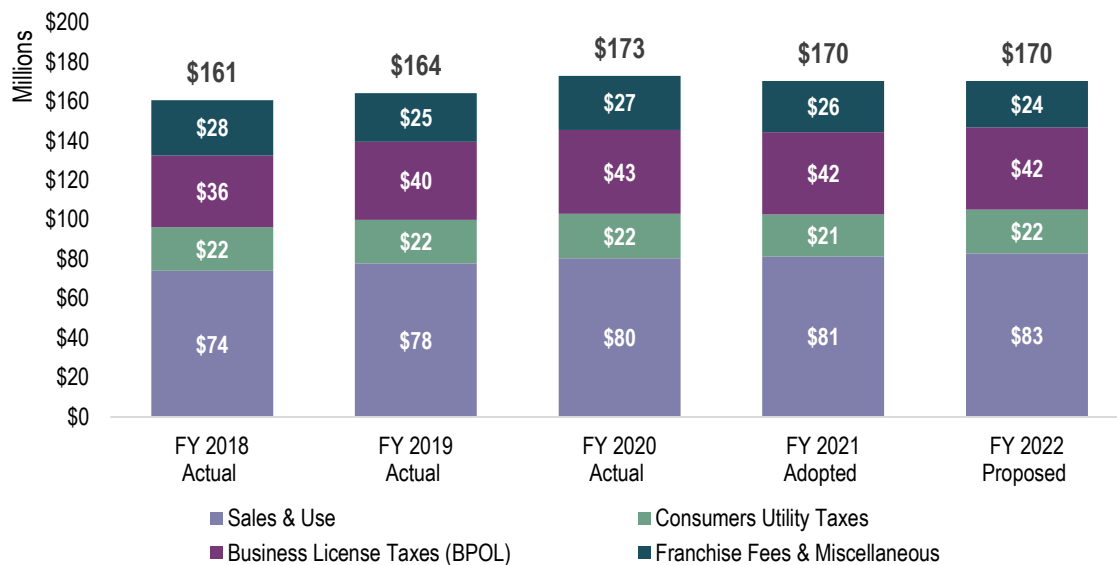
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Adopted	FY 2022 Proposed
Sales and Use Tax	\$74,095,287	\$77,782,399	\$80,478,625	\$81,311,500	\$82,938,000
Consumers Utility					
Electric – State	\$1,855,076	\$2,101,424	\$2,442,093	\$2,164,900	\$2,541,000
Natural Gas – State	263,133	261,772	246,876	269,700	257,000
Electric – Local	6,204,469	6,323,690	6,399,000	6,418,800	6,528,000
Natural Gas – Local	2,449,897	2,505,441	2,553,519	2,581,100	2,603,000
Communication Tax – State	10,634,284	9,865,473	9,640,523	8,809,800	9,070,000
PSAP E-911	687,787	1,115,317	1,170,342	1,115,300	1,115,300
Total – Utility Taxes	\$22,094,646	\$22,173,117	\$22,452,354	\$21,359,600	\$22,114,300
Business, Professional, and Occupational License (BPOL) Taxes					
Amusements	\$99,773	\$151,011	\$118,884	\$123,700	\$77,300
Business Svc Occupations	8,861,464	9,036,072	9,767,574	9,679,500	10,060,600
Business Svc Aircraft Lease	8,991	8,618	6,168	10,000	3,900
Business Svc Computer Info	600,452	670,270	729,010	650,000	0
Federal R&D	41,299	26,614	17,351	30,000	17,400
Personal Svc Occupations	1,786,669	1,909,588	1,864,760	2,064,100	1,879,700
Contractors & Contracting	9,935,272	10,359,481	11,903,025	11,203,800	12,165,400
Hotels and Motels	363,259	380,299	308,534	395,800	218,000
Professional & Specialized	2,832,624	3,321,047	3,387,090	3,455,300	3,421,000
Renting by Owner	1,732,360	1,879,353	2,958,711	2,032,200	2,951,300
Repair Service Occupation	459,044	718,692	465,179	502,000	464,000
Retail Merchant	7,503,199	8,238,792	8,713,108	8,665,900	8,390,700
Retail Merchant Cert STR	99,683	124,880	193,484	134,900	193,000
Wholesale Merchant	136,713	554,880	533,029	555,000	513,300
Money Lenders	431,975	452,212	574,550	493,800	574,500
Coin Operated Machines	1,000	200	400	0	0
Fortune Tellers and Related	0	500	0	0	0
Itinerant Merchants	15,000	13,500	7,000	12,500	7,000
Other Business	330,291	(30,875)	185,663	221,500	30,100
Satellite Imaging Services	71,898	1,865	2,322	70,000	2,300
Going out of Business Sales	0	130	390	0	0
Mixed Beverage Licenses	65,300	69,450	59,050	65,000	60,000
Public Svc. Corp. License Tax	733,125	914,327	720,688	816,000	681,100
Penalties & Interest	255,585	743,000	273,804	417,500	0
Total – BPOL	\$36,364,976	\$39,543,906	\$42,789,774	\$41,598,500	\$41,710,600



Local Non-Property Taxes

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Adopted	FY 2022 Proposed
Franchise Fees & Miscellaneous					
Motor Vehicle License Fee	\$7,096,295	\$7,081,843	\$7,296,326	\$7,475,000	\$7,591,000
Bank Franchise Tax	6,113,457	4,012,088	1,955,370	3,100,000	2,000,000
Recordation Tax	11,664,184	10,244,703	15,521,647	12,000,000	12,000,000
Tax on Wills	51,287	45,165	57,508	50,000	50,000
Transient Occupancy Tax	2,711,998	2,652,172	1,978,255	2,783,740	2,000,000
Short-Term Rental (STR) Tax	395,316	526,971	615,326	564,400	452,300
Total – Franchise Fees & Misc.	\$28,032,537	\$24,562,942	\$27,424,432	\$25,973,140	\$24,093,300
Total Non-Property Taxes	\$160,587,446	\$164,062,365	\$173,145,184	\$170,242,740	\$170,856,200

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).
- 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 91.4 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 on the basis of 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).



Local Non-Property Taxes

- **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 percent local options sales and use tax on any non-exempt retail good or service sold or used (i.e., consumed or stored) within the County. This 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% funding source in the Six-Year Capital Improvement Program.
- **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. A substantial change in local retail facilities will also impact this revenue. However, during economic recessions consumers tend to economize on purchases of goods and services which can actually 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.
- **Tax Rate** – The local portion of the total tax rate for electricity is \$0.00038/kWh for the first 2,500 kWh per month; \$0.00024/kWh for the next 47,500 kWh per month, and \$0.00018/kWh for all monthly usage in excess of 50,000 kWh. For natural gas tax, the local component is \$0.004 per CCF on the first 500 CCF consumed in a month.
- **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



Local Non-Property Taxes

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:

User Category	Monthly Tax Rate
Natural Gas	
Residential	\$0.63 per month plus \$0.06485 per CCF delivered to a maximum of \$2.70
Commercial	\$0.676 per month plus \$0.0304 per CCF delivered to a maximum of \$72.00
Electricity	
Residential	\$0.63 per month plus \$0.006804 per kWh to a maximum of \$2.70
Commercial	\$0.92 per month plus \$0.005393 per kWh to a maximum of \$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 current set of levies dates to January 1, 2007 when a set of statewide communications taxes replaced a number of state and local communications taxes and fees. Communications taxes currently include a communications sales and use tax (5 percent of sales), an E-911 tax on landline telephone services (\$0.75 per access line), and a public rights-of-way use fee for cable television providers (\$0.75 per access line). 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, to name a few.
- **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** – Refer to the above description.
- **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 the growing popularity of pre-paid cell phones which are exempt from this tax.

PSAP E-911 Tax

- **Legal Authority** – Article X of the Constitution of Virginia; Code of Va. § 58.1-484 et seq.; Loudoun County Ordinances are not applicable.



Local Non-Property Taxes

- **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 \$0.75 per month on each wireless end user having service that is billed monthly and a one-time \$0.50 charge on wireless end users having pre-paid service.
- **Supplemental Information** – Loudoun currently receives 3.559 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 2018.

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 § 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 \$4,000. 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 following table shows the rates for each classification.

Business Class	Tax Rate	Business Class	Tax Rate
Amusements	\$0.21/\$100	Retail Merchant/Cert Short-term Rental	\$0.20/\$100
Business Service Occupations	0.17/100	Wholesale Merchant	0.05/100
Business Services/Aircraft Lease	0.05/100	Money Lenders	0.16/100
Business Services /Computer Info ¹	0.00/100	Coin Operated Machines, 10 or fewer	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	Satellite Imaging Services	0.15/100
Professional & Specialized	0.33/100	Going Out of Business Sale Permits	65
Renting by Owner	0.16/100	Mixed Beverage Licenses	200-500
Repair Service Occupation	0.16/100	Public Svc. Corporations License	0.50/100
Retail Merchant	0.17/100		

¹ No longer protected by the grandfather clause of the Internet Trade Freedom Act, these receipts are not taxable effective July 1, 2020.



Local Non-Property Taxes

- **Supplemental Information** – Business registration fees are included as BPOL revenue within each business class and are not reported as a separate revenue item.

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** – Effective November 15, 2003, the annual fee for an automobile is \$25 and for a motorcycle is \$16. 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.
- **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.



Local Non-Property Taxes

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. In addition to the local recordation tax, beginning July 2020, a regional recordation tax in the form of a regional congestion relief fee was established at \$0.005 per \$100 of recorded value, increasing to \$0.010 per \$100 of recorded value effective May 1, 2021. This regional tax revenue is directed to the Northern Virginia Transportation Authority 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.
- **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).

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.
- **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. 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.
- **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 tax rate is 5 percent of the proceeds from lodging room rental. 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 Fund¹. The Restricted Use Transient Occupancy Tax must be used to promote travel and tourism to the

¹ More information can be found in Volume 2 of this document.



Local Non-Property Taxes

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 Northern Virginia Transportation Authority 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).

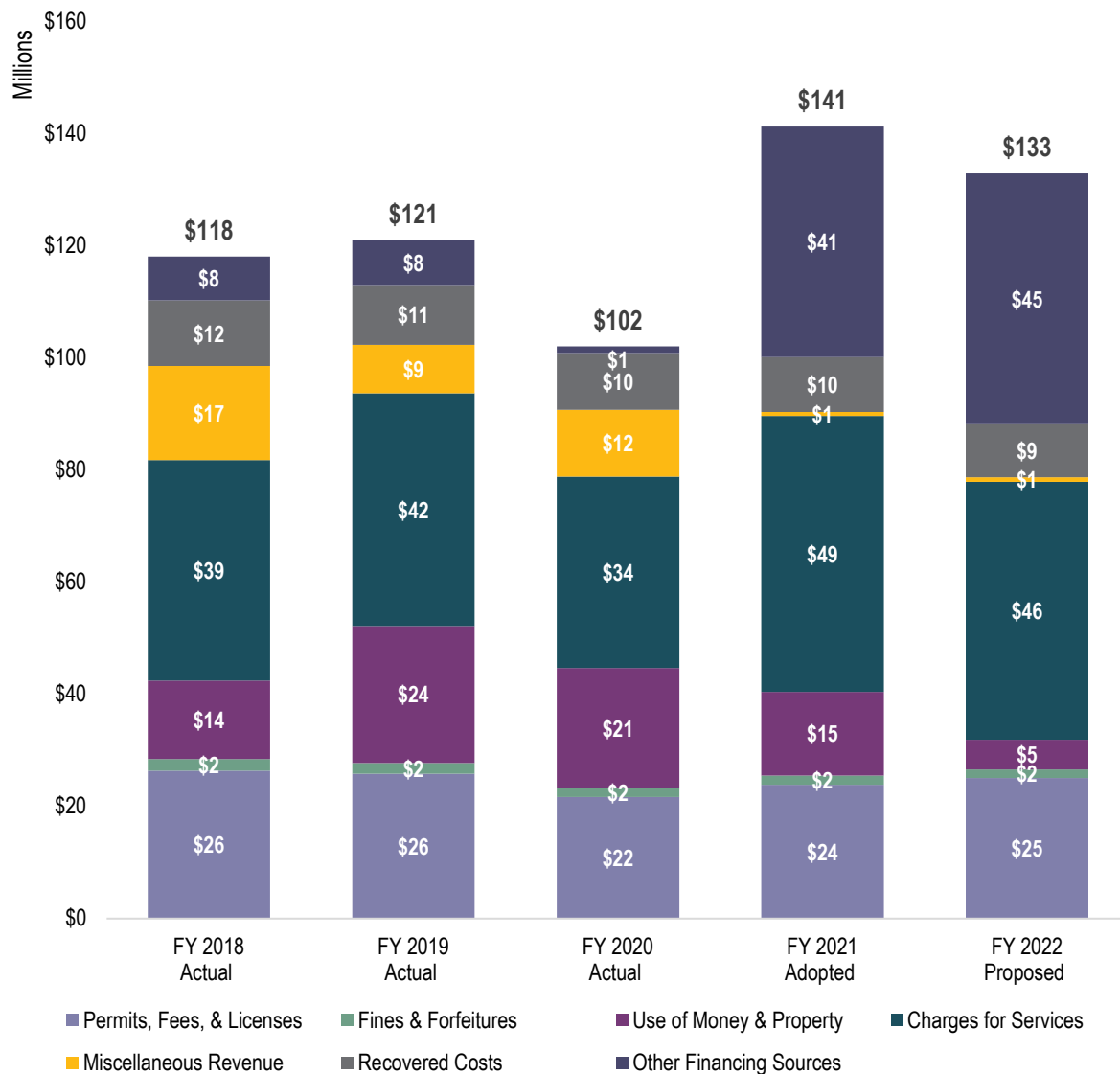
- **Supplemental Information** – This tax does not apply to the use of meeting or conference rooms (§ 58.1-3826). Nor does Loudoun County apply the tax to facilities capable of accommodating fewer than four persons. In 2018, the Board of Supervisors adopted a new chapter to the Codified Ordinances entitled 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.



Other Local Sources of Revenue



Charges for Services for FY 2022 includes a decrease of approximately \$3 million for transit services anticipated as ridership remains lower than pre-pandemic levels and an increase of \$2.0 million for landfill operations (restricted for use at the landfill). **Miscellaneous Revenue** in FY 2018 –FY 2020 includes returns of funds to the County by LCPS at the end of the fiscal year.

The increase in **Other Financing Sources** reflected in the FY 2021 Adopted and FY 2022 Proposed Budget is the result of the use of prior-year fund balance in the amount of \$40 million in each year. This is a budget only account. Additionally, prior years included a transfer from the Capital Projects Fund to fund staff associated with the Capital Improvement Program (CIP). Beginning in FY 2020, those staff are directly funded in the CIP.



Other Local Sources of Revenue

PERMITS, FEES, AND LICENSES

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Animal Services					
Dog Licenses	\$469,235	\$487,065	\$464,930	\$430,000	\$430,000
Pet Shop and Dealer Fees	250	550	500	250	250
Vicious & Dangerous Dog Lic.	4,460	4,470	4,130	2,500	2,500
Subtotal – Animal Services	\$473,945	\$492,085	\$469,560	\$432,750	\$432,750
Sheriff					
False Alarm Fees	\$259,808	\$297,098	\$314,913	\$225,000	\$300,000
Massage Parlor Permits	15	0	0	0	0
Pawn Broker License Fees	2,000	2,000	2,000	1,200	1,200
Solicitor Permits	3,165	3,045	2,175	4,000	4,000
Weapons Permit	81,584	70,614	98,320	70,000	70,000
E-Citation Service Fee	\$39,871	\$116,438	96,420	0	0
LEOSA ¹ Fees	\$80	\$100	140	0	0
Subtotal – Sheriff	\$386,522	\$489,294	\$513,967	\$300,200	\$375,200
Health					
BOCA Clearance Fees	\$11,075	\$10,525	\$12,375	\$10,000	\$10,000
Health and Sites Evaluation	4,912	6,207	3,727	4,000	4,000
Perc Test Monitor Fees	0	0	0	1,000	1,000
Replacement Well Fees	1,202	600	600	500	500
Sanitation and Water Permits/Fees	50,692	53,790	43,256	40,000	40,000
Sanitation Licenses	8,946	8,520	10,508	14,200	14,200
Septic Tank Permits	40,850	42,050	41,950	40,000	40,000
Swimming Pools and Permits	63,030	63,580	56,320	55,000	55,000
Tech Sewage Plan Review	9,150	13,800	10,950	8,000	8,000
Water Supply Licenses	3,697	4,090	3,238	4,000	4,000
Well and Septic Re-inspection	525	475	1,250	400	400
Subtotal – Health	\$194,079	\$203,637	\$184,174	\$177,100	\$177,100
Building					
Appeals	\$1,050	\$2,800	\$2,100	\$1,640	\$1,560
As-Built Submission Fees	33,300	28,500	33,600	33,000	33,000
Boundary Line Adjustments	94,950	103,775	88,675	94,022	100,000
Bond Final Release Fees	232,254	184,156	168,783	218,000	230,000
Bond Reduction Processing Fees	52,865	34,460	24,830	65,000	38,800

¹ LEOSA: Law Enforcement Officers Safety Act

**Other Local Sources of Revenue**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Building Permits	15,844,922	14,474,666	10,960,080	13,810,000	13,423,784
Cert of Approp. Admin	480	900	600	0	0
CAPP – Cert of Approp. HDRC ¹	780	720	540	0	0
Commission Permits	-	13,980	13,980	19,080	12,510
Construction Plans & Profiles	272,245	313,055	482,930	272,200	400,100
Electrical Permits	739,650	791,055	939,985	720,000	1,000,000
Erosion and Sediment Control Permits	1,048,789	878,452	836,734	1,002,000	1,050,000
Easement	90,165	66,530	79,055	48,250	89,940
Final Development Plan Fee	0	24,020	36,030	9,990	45,050
Fire Permits	\$492,578	\$545,973	550,864	490,000	590,000
Floodplain Alterations	\$23,200	\$40,050	38,850	21,600	40,000
Floodplain Study Fees	26,425	47,800	87,625	15,700	90,000
Base Density Division	1,094	5,470	2,735	3,875	2,048
Mechanical Fees	384,825	380,410	411,230	360,000	450,000
Occupancy Permits	313,810	317,640	223,170	299,650	300,000
Overlot Grading Fees	646,350	591,480	402,070	490,000	500,000
Performance Bond Ext. Fees	145,500	164,100	114,900	160,000	160,000
Plumbing Permits	693,639	728,095	738,245	660,000	800,000
Plat of Correction	5,670	7,875	1,890	8,300	1,992
Rural Site Plan Fees	9,200	4,600	6,900	2,722	3,609
Road Dedication Plats	53,945	39,275	78,457	50,150	64,935
Family Subdivisions	0	0	6,620	0	4,090
Preliminary Subdivisions	64,415	162,476	216,500	105,650	218,540
Preliminary Record Subdivisions	112,480	256,040	101,271	127,170	100,000
Record Subdivisions	191,824	122,380	101,208	116,504	100,010
Subdivision Waiver	52,865	42,345	42,345	40,470	44,600
Special Exception – Sign Dev Plan	21,504	15,360	30,720	20,000	29,960
Sign Permits	101,360	118,635	117,870	100,000	120,000
Soils Map Reviews and Map Fees	7,125	11,538	4,275	10,000	3,000
Site Plan Amendments	374,550	322,113	301,002	330,685	330,525
Special Exc Error – Bldg Loc	920	0	0	0	0
Special Exceptions	140,434	139,140	99,225	180,354	151,120
Minor Special Exception	27,635	26,010	(5,995)	24,978	10,056
Final Site Plans	585,657	802,235	761,570	525,200	700,340
Zoning Variances	805	805	4,025	810	650

¹ HDRC: Historic District Review Committee



Other Local Sources of Revenue

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
FMS Waiver Fees	53,550	49,980	42,840	51,430	39,980
Zoning Correspondence	61,955	65,435	59,960	64,000	40,000
Zoning Concept Plan Amend.	150,030	247,081	118,180	189,965	199,270
Rezoning	171,700	574,605	470,995	400,470	533,900
Rezoning Ordinance Modification	60,680	40,570	14,895	32,954	25,990
Zoning Permits	1,369,715	1,345,132	1,173,400	1,300,000	1,400,000
Rezone – Rt. 28 Tax District	16,660	11,900	11,900	9,580	9,450
VSMP ¹ Application Fee	242,741	175,075	183,294	205,000	250,000
VSMP Modification Transfer	156,035	164,588	220,077	125,000	200,000
VSMP Renewal – Annual	11,470	19,552	27,000	12,000	20,000
VSMP Renewal – 5 Year	440	0	0	0	0
FMS Waiver Fees – PZ	\$9,520	\$4,760	7,140	0	0
Subtotal – Building	\$25,193,755	\$24,507,592	\$20,435,174	\$22,827,399	\$23,958,809
Other					
Agricultural and Forestal District Withdraw Fee	\$1,000	\$500	\$1,000	\$0	\$0
Alcohol Permit Fee	100	100	\$200	0	0
Land Use Tax Application Fee	113,239	109,743	\$91,429	\$100,000	\$100,000
Refuse Vehicle Hauling Licenses	26,700	24,440	\$16,640	\$12,180	\$15,000
Res Parking Permit Decals	0	1,565	\$1,440	0	0
Res Parking Permits Fees	0	45	0	0	0
Solid Waste Facility Permits	11,590	9,432	\$7,930	\$14,500	\$10,000
Transfer Fees	12,389	12,060	\$12,451	\$10,000	\$10,000
Subtotal – Other	\$165,018	\$157,885	\$131,090	\$136,680	\$135,000
Total – Permits, Fees, & Licenses	\$26,413,319	\$25,850,493	\$21,733,966	\$23,874,129	\$25,078,859

- **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.

¹ VSMP: Virginia Stormwater Management Program



Other Local Sources of 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 privilege 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. Building Permit revenue projections are reviewed by the County's Revenue Committee.

FINES AND FORFEITURES

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Animal Law Violation Fees	\$4,657	\$6,388	\$2,067	\$6,000	\$6,000
Court Fines and Forfeitures	1,243,868	1,141,822	1,064,442	1,240,000	1,100,000
Delinquent & Late Fees	12,929	11,977	7,513	15,000	15,000
Environmental Health Violation Fines	8,687	19,666	14,986	50	50
Fire Lane Violation Fines	245,305	207,105	227,457	221,650	221,650
Overdue Book Fines	286,230	254,755	31,459	0	0
Parking and Traffic Fines – Dulles Airport	184,033	218,056	150,165	140,000	140,000
Parking Fines	56,558	5,903	2,197	0	600
Zoning Violation Fines	17,499	64,124	30,748	30,000	60,000
Erosion and Sediment Control Violation	0	0	10,000	0	0
Total – Fines & Forfeitures	\$2,059,764	\$1,929,794	\$1,541,034	\$1,652,700	\$1,543,300

- **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. In May 2019, the Board of Supervisors approved the elimination of fines for overdue library materials effective July 1, 2019.



Other Local Sources of Revenue

USE OF MONEY AND PROPERTY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Interest on Investment	\$11,498,950	\$20,920,524	\$19,441,385	\$12,000,000	\$2,300,000
Interest on Loans	40,043	27,236	20,724	0	0
Gain on Sale of Investments – Realized	173,184	837	0	0	0
Gain on Sale of Investments – Unrealized	(354,937)	543,263	89,905	0	0
Interest on Investment Contra Account	(39,563)	(17,368)	(50,965)	0	0
General Property Rental	1,160,194	1,124,006	525,106	437,977	532,595
Recreational Property Rental	1,153,451	1,468,841	1,131,585	2,168,967	2,188,967
Concessions and Commissions	6,011	30,433	20,130	23,703	23,703
Sale of Artwork	500	4,539	1,016	4,000	4,000
Sale of Concessions	54,062	65,367	108,055	88,189	93,189
Sale of Materials & Supplies	54,077	60,441	50,281	54,708	48,108
Sale of Salvage & Surplus	272,130	186,335	143,657	150,000	150,000
Total – Use of Money & Property	\$14,018,102	\$24,414,455	\$21,480,879	\$14,927,544	\$5,340,562

- **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.
- **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. The significant decline in the FY 2022 budget is a reflection of lower interest rates attributable to the Federal Reserve's response to the COVID-19 pandemic.

CHARGES FOR SERVICES

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Clerk of the Circuit Court					
Copy Fees	\$27,827	\$33,214	\$27,582	\$45,000	\$45,000
Excess Fees of Clerks	905,861	768,661	1,322,547	950,000	950,000
Subtotal – Clerk of the Circuit Court	\$933,688	\$801,875	\$1,350,129	\$995,000	\$995,000

**Other Local Sources of Revenue**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Sheriff					
Accident Report Charges	\$31,910	\$34,750	\$27,978	\$27,000	\$27,000
ATF Form	0	0	0	2,000	0
Courthouse Security Fees	406,139	424,218	342,409	500,000	400,000
DNA Analysis Fees	2,385	5,079	3,958	2,200	4,200
Fingerprinting	6,954	4,852	3,607	9,900	9,900
Good Conduct Letters	450	280	210	550	550
House Arrest Fees	7,275	2,145	4,410	9,000	5,000
Incident Reports	2,160	1,970	1,550	2,000	2,000
Loss of Summons Copy	20	25	5	30	30
Record Checks	4,276	4,412	2,849	6,400	6,400
Adult Detention Center Fees	19,053	20,166	13,313	23,000	23,000
Civil Process Fees	7,907	7,907	7,907	7,907	7,907
Supervision Fees	63,253	59,425	53,035	65,000	65,000
Subtotal – Sheriff	\$551,781	\$565,229	\$461,231	\$654,987	\$550,987
Animal Services					
Animal Adoption Fees	\$114,906	\$115,418	\$118,642	\$75,000	\$75,000
Animal Protection Charges	10,550	14,887	10,218	15,200	15,200
Board of Animals	4,668	5,870	3,625	8,000	8,000
ORE Disposal Fees	1,620	1,175	700	750	750
Subtotal – Animal Services	\$131,744	\$137,350	\$133,184	\$98,950	\$98,950
Landfill					
Construction	\$485	\$0	\$0	\$0	\$0
Construction 2	438	0	0	0	0
Municipal Solid Waste	7,535,146	8,554,772	9,455,064	8,605,658	10,595,656
Sale/Recycle – Scrap Metal	245,853	202,727	89,715	100,000	100,000
Sale/Recycle – Oil/Battery/ Antifreeze	2,979	3,133	3,011	5,000	5,000
Subtotal – Landfill	\$7,784,901	\$8,760,632	\$9,547,790	\$8,710,658	\$10,700,656
Library					
Inter-Library Loan Fees	\$2,636	\$2,676	\$1,872	\$4,674	\$4,674
Damaged & Lost Book Fees	41,071	39,171	28,240	35,049	35,049
Passport Processing Fees	0	126,900	113,470	174,085	155,750
Passport Application Photo Fees	0	23,790	27,525	31,155	29,850
Subtotal – Library	\$43,707	\$192,537	\$171,107	\$244,963	\$225,323



Other Local Sources of Revenue

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Mental Health, Substance Abuse, and Developmental Services (MHSADS)					
Aftercare Service Fees	\$2,846	\$1,832	\$1,467	\$4,000	\$4,000
Court Evaluation Charges	73,316	93,999	83,688	100,000	100,000
Day Treatment Clinic Fees	7,187	6,448	6,113	5,000	5,000
Labs and Meds	1,599	956	1,015	0	0
Outpatient Clinic Fees	95,000	78,872	66,736	78,000	78,000
Parent-Infant Development	112,051	115,373	136,691	110,000	110,000
Residential Services	299,277	289,673	285,732	300,000	300,000
Substance Abuse Counselor	78,580	48,644	36,860	50,000	50,000
Subtotal – MHSADS	\$669,856	\$635,797	\$618,300	\$647,000	\$647,000
Parks, Recreation, and Community Services (PRCS)					
Admission Charges	\$2,483,629	\$1,818,747	\$1,656,876	\$3,475,282	\$3,475,282
After School Activities	6,829,815	7,025,615	5,301,526	9,107,493	9,222,064
Cafeteria Sales	1,721	20,461	14,729	22,544	22,544
Community Center Fees	1,487,693	1,954,376	970,194	2,854,074	2,854,074
Daycare Fees	1,007,105	1,016,659	720,692	1,424,697	1,492,029
Group Events	610,016	943,336	390,946	567,189	567,189
League Sports	247,730	170,686	174,687	315,556	315,556
Preschool Fees	2,181,935	2,332,329	1,539,848	3,228,201	3,175,959
Recreation Fees	830,319	827,216	210,619	623,375	648,375
Respite Care Fees	385,125	413,050	349,798	326,636	326,636
Summer Camp	1,937,144	2,229,789	763,461	2,982,479	2,982,479
Swimming Pool	314,882	355,789	154,083	278,658	278,658
Tournaments	60,695	56,834	27,992	57,535	57,535
Transportation Fees – Group Events	50,130	41,989	25,036	75,174	75,174
Youth Sports User Fees	618,255	575,449	497,975	934,486	809,486
Subtotal – PRCS¹	\$19,046,192	\$19,782,323	\$12,798,461	\$26,273,379	\$26,303,040
Other Service Fees					
Administration Fees	\$7,535	\$11,027	\$12,895	\$2,500	\$1,500
Case Management Fees	63,432	53,540	62,534	65,000	65,000
Collection Fees – Bad Checks	12,514	14,856	16,965	13,000	13,000
Collection Fees – Delinquent Taxes	484,024	567,546	484,562	400,000	400,000
Commonwealth's Attorney Fees	9,626	9,739	8,215	10,000	10,000

¹ PRCS experienced significant declines in Charges for Services revenue in FY 2020 as a result of the COVID-19 pandemic. Many PRCS programs were either cancelled in their entirety or operating at reduced capacity to ensure proper social distancing.



Other Local Sources of Revenue

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Commuter Bus Advertising	121,968	105,829	30,000	735,700	88,700
Commuter Bus Fares	9,008,850	9,406,245	7,775,854	9,640,057	5,304,611
Court Fines	204,665	172,009	225,506	200,000	100,000
Electric Vehicle Charging Service Fees	21	43	0	5,000	0
Emergency Service Fees	66,971	76,876	74,371	99,800	99,800
Freedom of Information Fees	29,459	36,606	85,332	9,100	12,600
Hydrogeologic Fees	1,742	5,226	1,742	850	850
Well and Septic Evaluation	3,850	3,300	1,540	5,300	5,300
Credit Card Fees	78,239	57,092	35,698	85,500	85,500
Cartographic Map Sales	2,403	3,754	2,122	1,500	1,500
Digital Data Sales	3,675	3,470	3,095	7,500	3,500
Maps, Plats, Survey Sales	420	0	0	0	0
Publication Sales	24,745	12,125	22,350	4,000	4,000
Other Charges for Services	616	4,377	1,000	99,484	99,484
Collection Fees – Towns	0	89,669	207,820	204,200	204,200
Subtotal – Other	\$10,124,754	\$10,633,328	\$9,051,601	\$11,588,491	\$6,499,545
Total – Charges for Services	\$39,286,622	\$41,509,070	\$34,131,804	\$49,213,428	\$46,020,501

- **Description** – A number of 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 from this source 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.



Other Local Sources of Revenue

MISCELLANEOUS REVENUE

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Private Donations	\$106,498	\$172,075	\$57,211	\$40,500	\$40,500
Other Donations	871	0	5,000	0	0
Sale of Machinery & Equipment	167,149	183,040	69,786	9,000	5,000
Sale of Vehicles	172,052	79,100	45,301	0	0
Rebate – Solar Energy Credits	4,800	4,054	2,455	6,000	6,000
Other Rebate	242,658	252,643	296,736	120,000	120,000
Discount Taken	0	0	9,619	0	0
Insurance Recovery	4,847	104	(309)	0	0
Overpayment to be Refunded	200	4	0	0	0
Payments for Damaged Property	0	12,475	0	0	0
Primary Fees	13,990	0	0	0	0
Repayment of Loans – Principal Only	125,153	122,081	95,878	21,400	20,900
Payment from LCPS	15,674,101	6,881,758	11,537,377	0	0
I-66 Toll Revenue	274,051	933,407	(197,385)	510,000	632,037
Total – Misc. Revenue	\$16,786,369	\$8,640,741	\$11,921,670	\$706,900	\$824,437

- **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). I-66 Toll revenues are restricted for regional transit projects.
- **Administration** – These revenues are administered by individual departments.
- **Supplemental Information** – In the current accounting system which commenced with FY 2014 (Oracle), Miscellaneous Revenue includes proceeds from the sale of county assets. Before FY 2014, these revenues were included in Other Financing.

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

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Extradition of Prisoners	\$41,650	\$49,543	\$37,414	\$85,000	\$45,000
Housing of Prisoners (Federal)	550	990	330	1,000	1,000
Housing of Prisoners (State)	770,948	856,607	726,427	950,000	800,000
Medical Co-Payments	11,936	12,106	10,226	9,000	9,000
Prisoner Per-Diem (State)	125,838	117,369	97,282	115,000	115,000
Work Release Room & Board	56,547	63,257	39,416	78,000	60,000
DOC Inmate Medical Care Reimbursements	4,573	(1,691)	11,830	5,000	5,000
Inmate Medical Transport Fee	150	500	200	0	0
CSA – Mental Health Svc	64,431	26,374	72,471	30,000	30,000
Medicaid Reimbursements	4,691,400	3,308,482	3,575,879	3,813,800	3,813,800
Charges to Other Insurance	570,284	393,664	312,339	375,000	375,000
Friendship House Food Unit	915	1,135	528	0	0
Juvenile Detention Center – Contract	120,846	60,225	84,490	84,315	84,315
Juvenile Detention Center – Food	31,548	9,504	16,500	10,644	10,644
Loudoun Hospital	496	837	341	0	0
MHSADS Services	23,429	16,846	12,240	22,500	22,500
Duplicating	(26)	0	0	0	0
SWCDB ¹ Personnel	476,541	504,161	530,141	568,778	574,751
PRCS Facility Supervisors	196,527	218,384	122,954	204,700	204,700
Protective Services	813,278	967,092	620,244	750,000	750,000
Misc. Recovered Costs	3,684,703	4,053,902	3,802,653	2,705,372	2,583,513
Task Force Reimbursement	22,251	24,966	64,035	0	0
Total – Recovered Costs	\$11,708,816	\$10,684,252	\$10,137,940	\$9,808,109	\$9,484,223

- **Description** – Several County departments perform services on behalf of the Federal Government, the Commonwealth, and other entities. The housing of Federal and State prisoners in Loudoun’s jail is an example of such services. Incorporated towns within Loudoun reimburse the County for providing services related to municipal elections, criminal prosecutions, extraditions, etc.
- **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.
- **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 of the individual Medicaid reimbursements categories are grouped here into a single total called Medicaid Reimbursements.

¹ SWCDB: Soil and Water Conservation District



Other Local Sources of Revenue

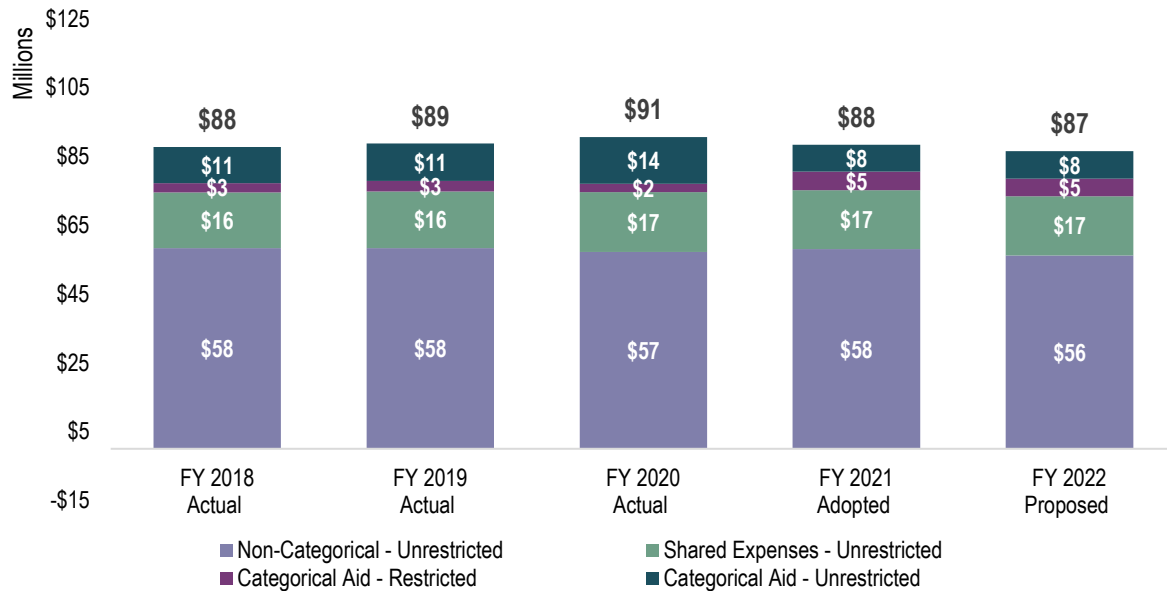
OTHER FINANCING SOURCES

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted
Transfer from the CSA Fund	\$183,000	\$0	\$0	\$0	\$0
Transfer from the TOT Fund	404,045	415,817	412,119	434,639	447,678
Transfer from the Animal Trust Fund	29,871	19,611	38,500	0	0
Transfer from the TDF	0	0	0	0	3,267,852
Transfer from EMS Transport Fund	903,289	768,355	600,011	538,259	725,881
Transfer from the Capital Projects Fund	6,206,181	6,645,632	44,000	0	0
Transfer from the Debt Service Fund	130,421	137,151	143,323	153,487	421,358
Transfer from Central Services Fund	0	0	204,409	0	0
Use of Prior Year Fund Balance	0	0	0	40,000,000	40,000,000
Total – Other Financing Sources	\$7,856,807	\$7,986,566	\$1,443,220	\$41,126,385	\$44,862,769

- **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 2022 Proposed Budget transfers \$4.7 million from other funds into the General Fund, including a one-time transfer from The Transportation District Fund (TDF) to offset the anticipated revenue losses for transit services. The FY 2022 Proposed Budget also authorizes the use of \$40.0 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.



Commonwealth Aid



	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Non-Categorical Aid – Unrestricted	\$58,382,879	\$58,369,174	\$57,191,811	\$58,034,693	\$56,236,693
Shared Expenses	16,153,368	16,485,903	17,446,317	17,160,105	17,160,105
Categorical Aid – Unrestricted	2,711,430	3,020,784	2,370,003	5,361,343	5,127,791
Categorical Aid – Restricted	10,523,714	10,864,378	13,626,646	7,859,775	8,131,693
Total – Commonwealth Aid	\$87,771,391	\$88,740,239	\$90,634,777	\$88,415,916	\$86,656,282

- **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.
- **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** –
 - 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 a 3 percent grantor's tax on the filing of deeds of real property. These revenues are unrestricted. Personal Property Tax Relief monies of \$48,071,700 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 2020, the State's contribution covered an estimated 35 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.

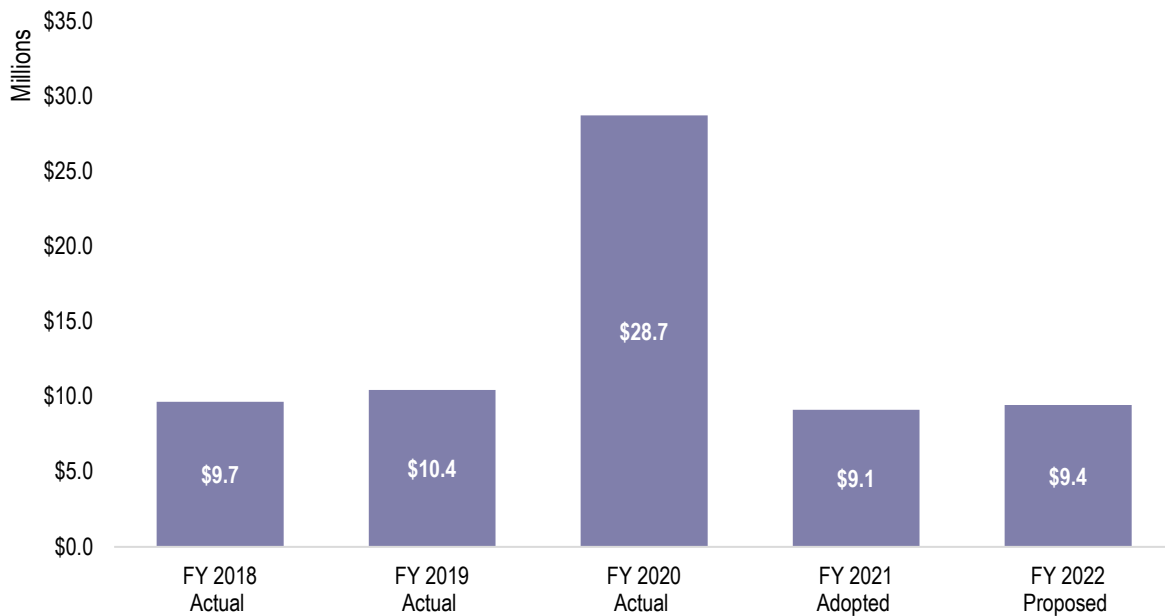


Commonwealth Aid

- 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. 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 discretion on how funds are used. Unrestricted Categorical Aid in the FY 2022 Proposed Budget includes funding for the Juvenile Court Services Unit; the Department of Mental Health, Substance Abuse, and Developmental Services (MHSADS); and the Department of Transportation and Capital Infrastructure (DTCI). Restricted aid specifies how the funds must be spent. Restricted Categorical Aid in the FY 2022 Proposed Budget includes funding for mandated social service programs in the Department of Family Services and MHSADS as well as grant funding for DTCI; Parks, Recreation, and Community Services; and Loudoun County Fire and Rescue.



Federal Aid



	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Non-Categorical Aid	\$3,360	\$3,435	\$3,509	\$1,800	\$1,800
Categorical Aid – Restricted	9,659,546	10,444,898	28,717,257	9,128,459	9,440,401
Total – Federal Aid	\$9,662,906	\$10,448,333	\$28,720,766	\$9,130,259	\$9,442,201

- **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. The County’s Non-Categorical Aid is unrestricted, meaning the Board can further decide how the funds will be used. The County’s federal Categorical Aid is restricted, meaning the Federal Government specifies how the funds must be spent (e.g., to hire additional personal or to purchase a designated type of equipment).
- **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. Most of the Categorical Aid is administered by the Department of Family Services (\$8.1 million in FY 2022).
- **Supplemental Information** – Federal Aid comprises a negligible portion of General Fund revenue, and it has generally declined over the last several years. The 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 to the Department of Family Services for costs incurred for mandated programs; funding for mandated programs in the Department of Mental Health, Substance Abuse, and Developmental Services; and grants for the Department of Transportation and Capital Infrastructure. FY 2020 federal revenue includes \$17.9 million of federal funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The County was allocated \$72 million in CARES Act funding, of which a balance of \$54 million was carried forward into FY 2021.



School Fund^{1,2}

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Local Funding					
General Fund Transfer	\$732,512,736	\$797,325,815	\$862,120,976	\$885,714,899 ³	\$1,042,696,771
Rebates and Refunds	291,859	339,644	370,451	335,000	335,000
Sales of Textbooks	723	7,792	60,970	10,000	10,000
E-Rate Reimbursement	1,346,551	0	485,673	1,500,000	1,300,000
Tuition	1,822,049	1,858,511	1,000,122	2,001,000	2,048,800
Use of Buildings	1,272,679	1,151,429	839,318	1,250,000	958,333
Athletic, Parking, AP Test Fee	3,551,793	3,539,399	2,330,278	2,860,000	2,860,000
Hughes Foundation	854,554	2,019,180	1,163,404	1,000,000	1,000,000
PAVAN ¹	0	12,980	47,843	0	0
Local Grants & Contributions	211,462	665,506	945,736	70,186	856,877
Sales of Equip. & Supplies	209,174	152,383	137,940	365,000	365,000
Miscellaneous	1,432,729	2,748,009	2,028,088	2,400,000	2,108,333
Subtotal – Local Funding	\$743,506,309	\$809,820,648	\$871,530,799	\$897,506,085	\$1,054,539,114
Commonwealth Funding					
Sales Tax	\$76,573,689	\$82,103,621	\$91,396,911	\$95,893,755	\$93,322,709
Basic Aid	175,187,156	190,636,555	192,457,324	207,384,744	212,283,123
Fringe Benefits	34,194,124	35,510,830	36,371,374	40,242,522	41,176,506
Textbooks	3,968,109	3,791,713	3,871,283	4,126,778	4,218,531
Special Education	20,409,791	22,639,742	24,094,743	24,737,434	25,171,591
Vocation Education	1,418,775	1,494,030	1,543,275	1,875,837	1,901,580
Supplemental Support	11,582,728	13,712,904	25,433,605	19,579,090	32,591,947
SOL Materials/Training	266,207	292,472	307,059	341,432	345,192
Technology Plan	544,526	4,536,306	2,390,000	2,494,000	2,494,000
Other	13,427,051	15,114,436	16,550,822	19,485,057	19,100,682
Subtotal – Commonwealth	\$337,572,156	\$369,832,609	\$394,416,396	\$416,160,649⁴	\$432,605,861

¹ Sums may not equal due to rounding.

² Financial table includes the School Operating Fund, the School Grant Fund, and the School Lease Purchase Fund.

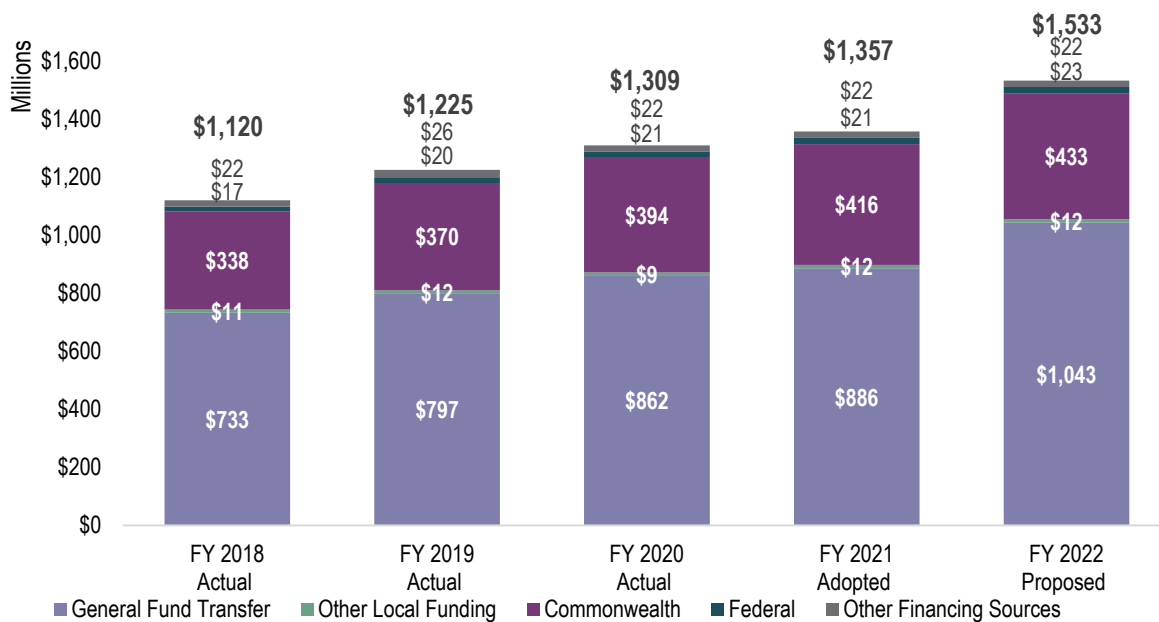
³ Reflects the local transfer to LCPS as identified in the FY 2021 Appropriations Resolution (AR). Due to the COVID-19 pandemic, the AR included a reserve of \$100 million in anticipation of potential revenue shortfalls. Of the reserve amount, \$60 million was for LCPS and is not included in the above numbers. In December 2020, \$30 million of the reserve was released based to LCPS as tax year 2021 real property estimates indicated availability of revenues.

⁴ Reflects the Commonwealth Funding as identified in the FY 2021 Appropriations Resolution (AR). Subsequent to budget adoption, Commonwealth Funding was reduced by \$9.3 million.



School Fund

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Federal Funding					
Title I	\$2,137,848	\$1,653,902	\$1,773,802	\$1,999,821	\$1,728,595
Head Start	856,333	923,972	1,017,533	950,657	1,024,375
Handicapped Education	9,971,680	12,430,708	13,329,737	13,027,941	14,949,450
Other	4,092,849	4,793,052	4,976,856	5,319,776	5,795,839
Subtotal – Federal	\$17,058,710	\$19,801,634	\$21,097,928	\$21,298,195	\$23,498,259
Other Financing Sources^{1,2}	\$22,000,000	\$25,630,206	\$22,024,373	\$22,002,000	\$22,002,000
Total – School Fund	\$1,120,137,175	\$1,225,085,097	\$1,309,069,496	\$1,356,966,929	\$1,532,645,234
General Fund Transfer – Percent of Total	65.4%	65.1%	65.9%	65.3%	68.0%



- Description** – The above table shows the various sources of annual operating revenues for the Loudoun County Public School System, specifically the Operating Fund, Grant Fund, and Lease Purchase Fund. FY 2022 revenues are from the School Board’s adopted FY 2022 budget request. The County provides approximately two-thirds of the annual funding for the School System.
- Administration** – The School Superintendent first presents a proposed budget to the School Board. The Board may adopt or modify the Superintendent’s FY 2022 revenue proposal to arrive at its own proposed budget, including the

¹ Other Financing Sources includes funding for school bus and vehicle leases.

² Includes fund balance rollovers.



School Fund

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.

- **Supplemental Information** – Between September 2000 and September 2019, enrollment in Loudoun County Public Schools increased by 165 percent from 31,804 students to 84,175. For the school year beginning September 2020, student enrollment declined to 81,504 likely as a result of parents seeking alternative education paths in light of the pandemic.





Forecast Discussion and Analysis

The Economic Outlook

Revenues within the FY 2021 Adopted budget were constructed on assumptions of economic growth that are unlikely to be realized due to the COVID-19 pandemic. While the FY 2021 Adopted Budget document outlines the necessary steps taken by the Board of Supervisors to mitigate the risk associated with uncertain revenues, i.e. freezing \$100 million of new expenditures, economic uncertainty continues to be a factor in the development of the FY 2022 Proposed Budget.

To mitigate the risk associated with the current economic uncertainty, revenue estimates were prepared on the basis of revenue models developed by the Department of Finance and Budget relying on economic forecasts from Moody's Analytics. Not all revenues can be forecasted by economic models; in these instances, staff has relied to the County's prior experiences with the revenue stream, forecasted development, and other indicators to predict FY 2022.

The table below displays the year-over-year change in high-level national economic indicators from the economic forecasts provided by Moody's Analytics (Moody's)¹ and used by staff to develop the FY 2022 Proposed Budget.

Year	Real Gross Domestic Product	Non-Farm Employment	Retail Sales	Median Single Family Home Price
2020	(3.5%)	(5.8%)	0.7%	9.9%
2021	4.1%	1.2%	8.7%	8.4%
2022	4.7%	2.5%	4.2%	2.2%

The FY 2022 Proposed revenue forecast assumes that Loudoun's economy will continue to recover in 2021 and 2022. Data from Moody's suggest that Loudoun gross county product was more insulated from the impacts of the pandemic than U.S. GDP and forecasts a stronger recovery than other geographies. The table below displays the forecasted year-over-year change in gross domestic/state/metro/county product.

Year	U.S.	Virginia	Washington, D.C. MSA	Loudoun County
2019	2.2%	2.2%	2.3%	3.9%
2020	(3.5%)	(2.4%)	(2.3%)	(3.2%)
2021	4.1%	4.0%	4.2%	6.1%
2022	4.7%	4.6%	4.9%	7.4%

Despite positive employment growth in 2019 of 2.2 percent, Moody's estimates Loudoun employment declined 2.8 percent in 2020 as a result of the pandemic. The unemployment rate for Loudoun residents continues to be lower than those of the U.S., Virginia, and the Washington, D.C. Metropolitan Statistical Area (MSA) region as shown in the table below.

Year	U.S.	Virginia	Washington, D.C. MSA	Loudoun County
2019	3.7%	2.8%	3.1%	2.3%
2020	8.1%	6.0%	6.3%	5.1%
2021	6.9%	5.3%	5.9%	4.5%
2022	6.0%	4.7%	5.1%	4.0%

As with any economic forecast, there are upside and downside risks to the forecast. Upside risks to the forecast include improved vaccine distribution that results in an earlier release of pent-up demand for consumer services, stronger growth in

¹ Based on December 2020 Baseline Forecasts



Forecast Discussion and Analysis

the housing market, and additional federal stimulus. Downside risks to the forecast include a rise in infections that forces governments to shut down nonessential businesses again, a larger than expected wave of small business bankruptcies, and increasing political tensions between the U.S. and China.

Preliminary estimates¹ for 2020 indicate that the County issued building permits for 2,170 new residential dwelling units (excluding group quarters units). This level compares to just under 3,000 units for 2019, a drop of about one quarter. The 2020 figures reflect a continuing of a decline from the levels through most of the past decade, when about 3,500 permits were issued most years. According to the Dulles Area Association of Realtors, the number of sales of existing homes in the County increased by 5.2 percent in 2020 while the median price increased 8.2 percent, higher than the increase seen in 2019. Similar to 2018 and 2019 but made worse by the pandemic, the lack of inventory resulted in higher pricing and fewer days on the market. The FY 2022 Proposed Budget reflects appreciation of existing residential homes of 6.3 percent as of January 1, 2021 as estimated by the Commissioner of the Revenue and forecasts appreciation of 2.25 percent as of January 1, 2022.

The assessed value of taxable commercial and industrial property in the County declined by 5.7 percent in 2020 as a result of the pandemic and will likely continue in 2021 as restrictions on gatherings remain in effect until a vaccine is widely available. Revaluation across the commercial portfolio varied by property type with hotel and retail properties experiencing the most significant declines. The County continues to attract data centers with several site acquisitions and development plans announced in the past year. During 2020, the County issued building permits for approximately 4.2 million square feet of new data center space. The data center industry appears poised for continued future growth as more companies transition to cloud IT services.

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. 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 historical trends for deferrals, tax relief programs, collections rates, and adjustments to assessments in order to estimate actual revenue collections for a given fiscal year. Each fiscal year encompasses two different tax years. The FY 2022 (July 1, 2021 to June 30, 2022) forecast combines the forecasts for Tax (Calendar) Year 2021 and Tax (Calendar) Year 2022.

Real Property Taxes – Assessed Value, Equalization, and Rates

Real property taxes are levied on the value of land and structures (improvements). 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 \$3.2 billion on January 1, 2020). Valuations reflecting the condition of the property and market valuations are shown as of January 1 for each calendar year or tax year (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 2020, the taxable value of real property is estimated to have increased by \$5.2 billion or 5.79 percent. The value of residential property increased by 8.56 percent of which 2.23 percentage points were due to new development while existing properties appreciated in value by 6.33 percent. In TY 2020, commercial/industrial property (including multi-family apartments) lost 4.58 percent of their 2020 values during revaluation, primarily as a result of the pandemic. While lower than last year, new development contributed a positive \$510 million or 2.26 percent.

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



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Real Property Class	Taxable Assessed Value (Billions)		Overall \$	Overall %	Equalized %	Develop. %
	Jan 1, 2020	Jan 1, 2021 ¹	Change	Change	Change	Change
Residential	\$65.98	\$71.63	\$5.64	8.56%	6.33%	2.23%
Comm. & Industrial ²	22.61	22.09	(0.52)	(2.32%)	(4.58%)	2.26%
Agricultural ³	1.31	1.39	0.08	6.19%	5.17%	1.01%
Total Taxable	\$89.50	\$95.10	\$5.20	5.79%	3.57%	2.22%

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 2020 is 2.22 percent overall and 2.23 percent for the residential class. The equalized percentage increase for all property classes combined was an estimated 3.57 percent in TY 2020⁴, but as shown in the table above, rates varied by category. The FY 2022 Proposed Budget is predicated on a real property tax rate of \$1.005 effective January 1, 2021. The estimated equalized tax rate – the rate that would yield approximately the same tax revenue in 2021 from completed properties in existence in 2020 as that yielded by the actual 2020 tax rate – is \$1.000⁵. Even at the equalized tax rate, new revenue is generated as a result of new construction and improvements. If overall equalization in 2020 had been 2.0 percent, the 2021 equalized tax rate would have been 2.0 percent below the existing tax rate. 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 rate of appreciation for residential properties, the homeowner’s equalized rate is \$0.975. The equalized rate for commercial and industrial (including multi-family) is \$1.085. Traditionally, the two equalized rates are closer. Due to the declines in value resulting from the pandemic though, the residential portfolio appreciated while the commercial portfolio declined in value.

¹ Source: Commissioner of the Revenue’s Loudoun County Assessment Summary (1/22/2021). Individual values may not sum to totals due to rounding.

² Includes commercial apartment buildings.

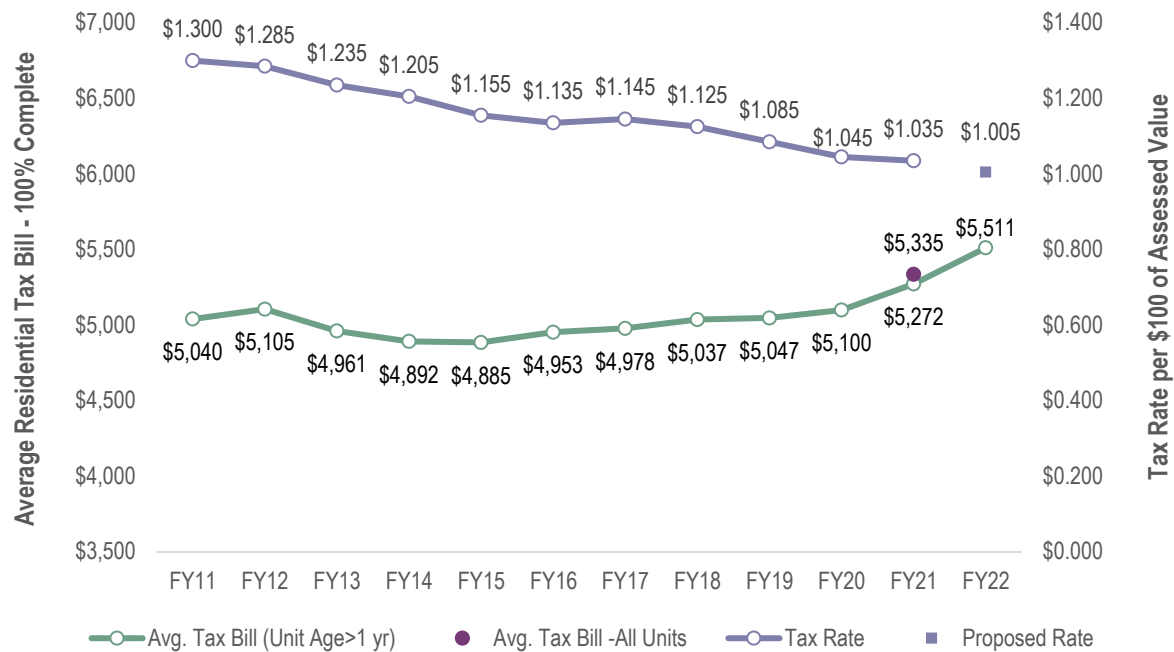
³ Taxable value is land use value, not fair market value for properties in the land use program.

⁴ 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).

⁵ The County’s practice is to round the tax rate to an even half-cent 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.



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The graph shows that the tax rate of \$1.005 increases the annual tax bill for the average home in existence as of January 1, 2020, by \$203, from \$5,335 in 2020 to \$5,511 in 2021.

Personal Property Taxes

The table of General Property Taxes on page R-2 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

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 generated by 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. The FY 2021 Adopted Budget of \$394.5 million is almost ten times the revenues received ten years ago in FY 2011.

During 2019, an estimated 6.4 million square feet of data center space was added to the real property tax rolls, representing an increase of 46 percent in total data center square feet on the real property tax rolls. This brought the total estimated data center square footage to approximately 20 million as of January 1, 2020. Reviews of facilities constructed during 2020 are still underway, however, Fiscal Impact Committee Guidelines anticipated another 3.75 million square feet of space would be added during 2020 and 4 million in 2021. Historically, staff has assumed that all new space is outfitted with computer equipment within one year of being added to the real property tax rolls. For FY 2022, this significant investment in equipment poses a unique challenge for forecasting computer equipment taxes. At an estimated assessed value per square foot of more than \$500, any delays in construction or equipment outfitting could have significant negative implications for



Forecast Discussion and Analysis

revenue collections. As such, staff prepared downside, baseline, and upside scenarios for computer equipment taxes which were presented to the Finance/Government Operations and Economic Development Committee in October 2020¹. Generally, the assumptions for the baseline forecast are:

- No more than 4 million square feet of data center space can be outfitted with computer equipment in a single year given equipment lead times and availability.
- In years with a significant investment in new space (more than 2 million square feet), the average assessed value per square foot increases 10 percent.
- In years with less investment in new space (less than 2 million square feet), the average assessed value per square foot increases at a lower rate of 5 percent.
- The assessed value for computer equipment outside of data centers is maintained at \$325 million, a historical low.

As noted, the baseline forecast continues to remain conservative to mitigate the risk of revenue shortfalls, which would not be fully understood until the spring of each fiscal year. Staff recognizes that there is a possibility, based on past experience, that revenue growth could far exceed that which is forecasted in the baseline forecast. To better capture the potential upside, the FY 2022 Proposed Budget for computer equipment taxes represents the baseline forecast (\$563.4 million) plus 50 percent of the variance or “increment” between the baseline and upside forecasts (\$23.4 million). This “increment” has been programmed for one-time uses in the 6-Year Capital Improvement Program (CIP). If the revenues do not materialize as forecasted, the expenditures funded with these revenues can be more easily undone or scaled back than if the revenue was budgeted in the General Fund to support operations. This strategy provides an opportunity to program an incremental amount of BPPT revenue while providing maximum flexibility. More specific information on the programming of this funding in the CIP can be found in Volume 2, *Capital Improvement Program Executive Summary*.

Other business tangible personal property tax revenues are minimal and do not experience significant growth from one year to the next.

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). Vehicle personal property tax revenues are generally forecasted based on the forecasts for population, used and new vehicle prices, income, and employment. Given the declines in employment during 2020, it is possible that fewer vehicle owners seek to replace their vehicles during 2020 and 2021. With this mind, the vehicle tax forecast for FY 2022 anticipates a decline in vehicle tax revenue of \$7 million or 5.5 percent compared to the FY 2021 Adopted Budget for vehicle taxes and PPTR monies from the State.

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 \$48,070,701. Consequently, the percentage reduction on each citizen’s tax bill will decline over time as the value of the vehicle stock continues to increase.

¹ [Item 16 FY 2022 Budget Development: Analysis of Business Tangible Personal Property Taxes on Computer Equipment](#), October 13, 2020 Finance/Government Operations and Economic Development Committee



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For Tax (calendar) Year 2020, the estimated percentage in Loudoun was 35 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 price, 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.

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 forecasts are prepared in coordination with the Departments of Building & Development and Planning & Zoning.

Fines & Forfeitures

Fine and forfeiture revenue forecasts are generally consistent from one year to the next. This revenue category only accounts for a small portion of annual General Fund revenues.

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.

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. While population in particular can be a helpful indicator, 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. Similar to 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.



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Commonwealth Aid

Commonwealth aid is primarily comprised of the State's annual reimbursement of \$48,071,700 from the Personal Property Tax Relief (PPTR) Act, reimbursements for constitutionally mandated offices, daily vehicle rental taxes, 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.

