



Commissioner of the Revenue

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

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

Commissioner of the Revenue's Programs

Tax Assessment

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

Tax Exemptions and Deferrals

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

Tax Compliance

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

Administration

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

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

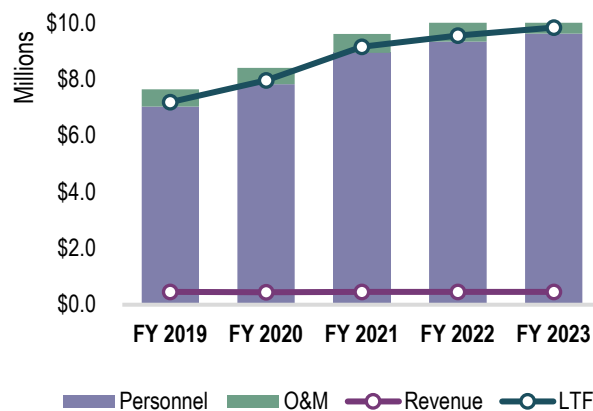
	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed	FY 2023 Projected
Expenditures					
Personnel	\$7,029,487	\$7,826,984	\$8,947,747	\$9,343,700	\$9,624,011
Operating and Maintenance	613,805	579,839	667,052	663,948	670,587
Total – Expenditures	\$7,643,292	\$8,406,823	\$9,614,799	\$10,007,648	\$10,294,598
Revenues					
Permits, Fees, and Licenses	\$109,743	\$91,429	\$100,000	\$100,000	\$100,000
Intergovernmental – Commonwealth	341,951	351,199	355,122	355,122	355,122
Total – Revenues	\$451,694	\$442,628	\$455,122	\$455,122	\$455,122
Local Tax Funding	\$7,191,598	\$7,964,195	\$9,159,677	\$9,552,526	\$9,839,476
FTE	73.93	78.93	81.93	83.93	83.93

¹ Sums may not equal due to rounding.



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Revenue and Expenditure History



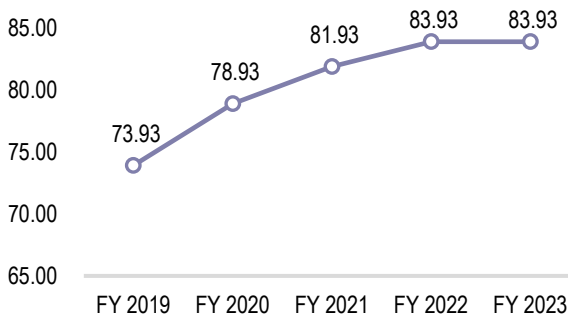
Revenue/Local Tax Funding

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

Expenditure

The majority of the Office's expenditure budget is dedicated to personnel costs (93 percent). Major drivers of personnel increases are additional staffing as outlined in the Staffing/FTE History section, market and merit increases in each fiscal year, adjustments in FY 2020 and 2021 to reflect a new classification and compensation system approved by the Board in November 2019, and a 3.5 percent merit increase for FY 2021.

Staffing/FTE History



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

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

FY 2021: 1.00 FTE real estate appraiser, 2.00 system analysts

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

The FY 2021 Adopted Budget added a total of three positions (3.00 FTE). Due to the unclear economic picture resulting from the COVID-19 pandemic, when the Board of Supervisors adopted the FY 2021 Budget, most new expenditures, including new positions, were frozen until revenues are determined available to support those expenditures. In FY 2021, one residential real estate appraiser was added to help reduce the sketch—a digital rendering of the building's exterior dimensions and size calculations—backlog and increase the frequency of neighborhood reviews. This ultimately serves to improve the accuracy of assessments completed by the Office, reducing assessment appeals and enhances staff's ability to forecast and capture future revenue and assessment growth. The Board unfroze this position with the initial release of frozen expenditures and positions on December 15, 2020. The remaining two positions (2.00 FTE) are system analysts. These positions remain frozen until further Board action or until the start of FY 2022.

The FY 2022 proposed Budget includes two positions (2.00 FTE) focused on the thematic area of fiscal responsibility.

Fiscal Responsibility

As the County population continues to grow, the amount of business activity increases. Business Tangible Personal Property (BTTP) is the fastest growing segment of the County tax base. While overall annual business tax filings are up 30 percent from



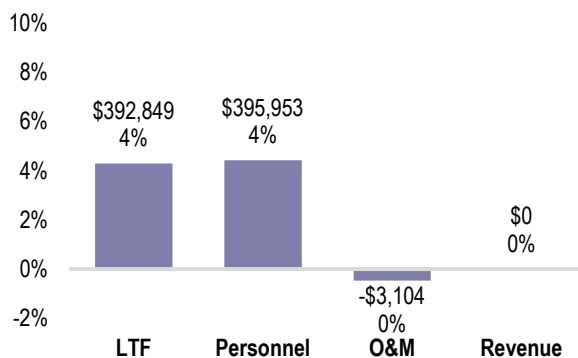
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calendar year (CY) 2016 to CY 2020, BTPP tax filings are up 57 percent. During that time, BTPP taxes assessed have increased over 140 percent (\$157.9 million to \$383 million). The primary driver of the increase in taxes assessed is computer equipment in data centers. Based on preliminary estimates, there are approximately 22 million square feet of data center space in the County with an additional 3.4 million square feet under construction.

The FY 2022 Proposed Budget includes one business tax assessor and one senior business tax assessor. Since business taxes are self-reported, it is imperative that staff review individual filings to verify the accuracy of assessments. These positions will help maintain current quality of services to the expanding tax base and increase the Business Tax Division's ability to verify the accuracy of BTPP assessments.

Throughout the year the Business Tax Division is responsible for the setup and maintenance of business tax accounts and is the primary point of contact for inquiries from business taxpayers in the County. After the tax filing deadline, the Division is responsible for reviewing BTPP assessment filings and following up with non-filing entities for the remainder of the year. For BTPP, the taxpayer reports a summary of assets purchased each year and provides a list of assets to support the filing. When fully trained, business tax assessors can audit approximately 600 BTPP item filings annually, but the increasing size and complexity of filings has made this more challenging. The FY 2022 requested positions will maintain the service level of auditing approximately 15 percent of BTPP filings annually. Additional staffing will improve the Division's ability to thoroughly and accurately review complex BTPP filings.

Percent Change from Adopted FY 2021 to Proposed FY 2022

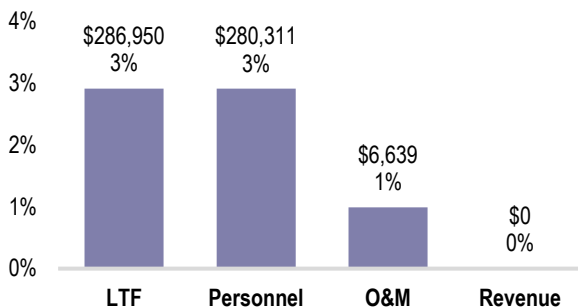


Reasons for Change:

Personnel: ↑ 2.00 FTE, general pay changes ||

O&M: ↓ central services || **Revenue:** ↔

Percent Change from Proposed FY 2022 to Projected FY 2023



Reasons for Change:

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

Revenue: ↔



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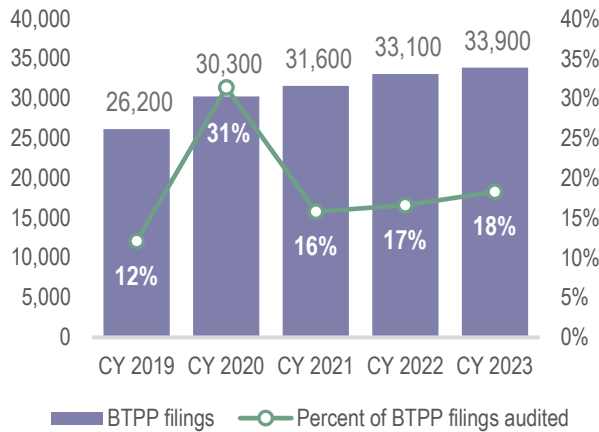
FY 2022 Proposed Resource Requests¹

Priority 1: Business Tax Assessor and Senior Business Tax Assessor						
Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
\$177,425	\$12,070	\$12,000	\$0	\$0	\$201,495	2.00
Details			Overview			
Service Level:	Current Service Level Request		<ul style="list-style-type: none">• From CY 2016 to CY 2020, Business Tangible Personal Property (BTPP) tax filings increased 57 percent and taxes assessed increased over 140 percent (\$157.9 million to \$383 million). Computer equipment in data centers is the primary driver of the increase in taxes assessed.• Since business taxes are self-reported, staff must review individual filings to verify accuracy.• These positions will improve the ability to review BTPP filings thoroughly and accurately and increase the number of desk audits by 1,200 annually.			
Mandates:	Not mandated					
PM Highlight:	Percent of BTPP with Desk Audits					
Program:	Business Tax Assessment					
Positions:	1 Business Tax Assessor, 1 Senior Business Tax Assessor					
Theme:	Fiscal Responsibility					
One-time Costs:	\$22,520					
Recurring Costs:	\$178,975					
Department Total						
Personnel:	O&M:	Capital:	Reallocation:	Revenue:	LTF:	FTE:
\$177,425	\$12,070	\$12,000	\$0	\$0	\$201,495	2.00

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



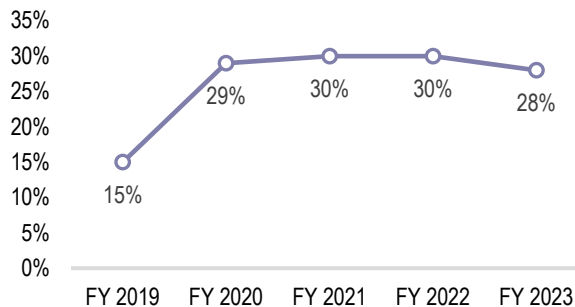
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Key Measures¹

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

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

BTPP filings revenue continues to increase every year. From CY 2016 to CY 2020, BTPP tax filings increased 57 percent, and taxes assessed increased over 140 percent (\$157.9 million to \$383 million). Reviewing BTPP tax filings has become more challenging, as taxpayers have increased their presence in the County. Taxpayers are required to provide a list of equipment to verify the filing, and many asset lists include over 10,000 assets, with some reporting over 100,000 assets. Since business taxes are self-reported, staff must review individual filings to verify accuracy. The FY 2022 requested positions (2.00 FTE) will increase the number of desk audits by 1,200 annually. The percent of BTPP filings audited in CY 2020 was abnormally high; Since the Compliance Division's workload decreased because of social distancing guidelines related to COVID-19, the Division's staff aided with BTPP filing audits.



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

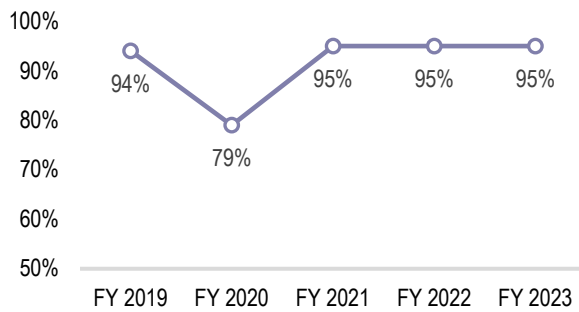
Measure: Percent of business personal property tax accounts audited.

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

¹ For key measures that relate to resources included in the Proposed Budget, FY 2022 and FY 2023 data reflect the estimated impact of these resources.



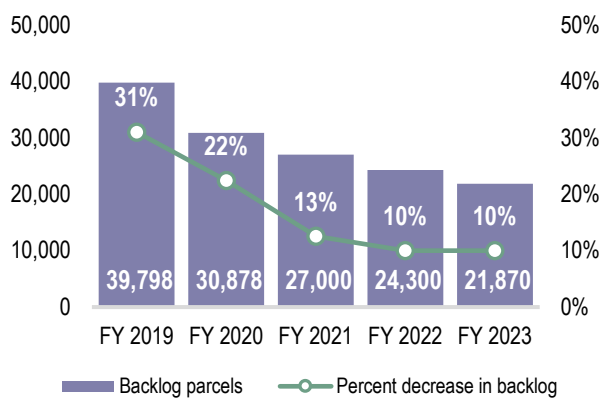
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Objective: Verify 96 percent of sales annually.

Measure: Percent of sales verified.

With appraisers approved in previous fiscal years and in the FY 2021 Adopted Budget, the Office will verify an estimated 95 percent of sales. An inability to verify sales could result in less accurate assessments.



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

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

With appraisers added in the last three fiscal years, the Office has reduced the number parcels that need to be sketched. The appraiser added in the FY 2021 Adopted Budget will maintain the Office's ability to reduce the number of residential parcels that need to be confirmed in the County's assessment system with a new or revised sketch.