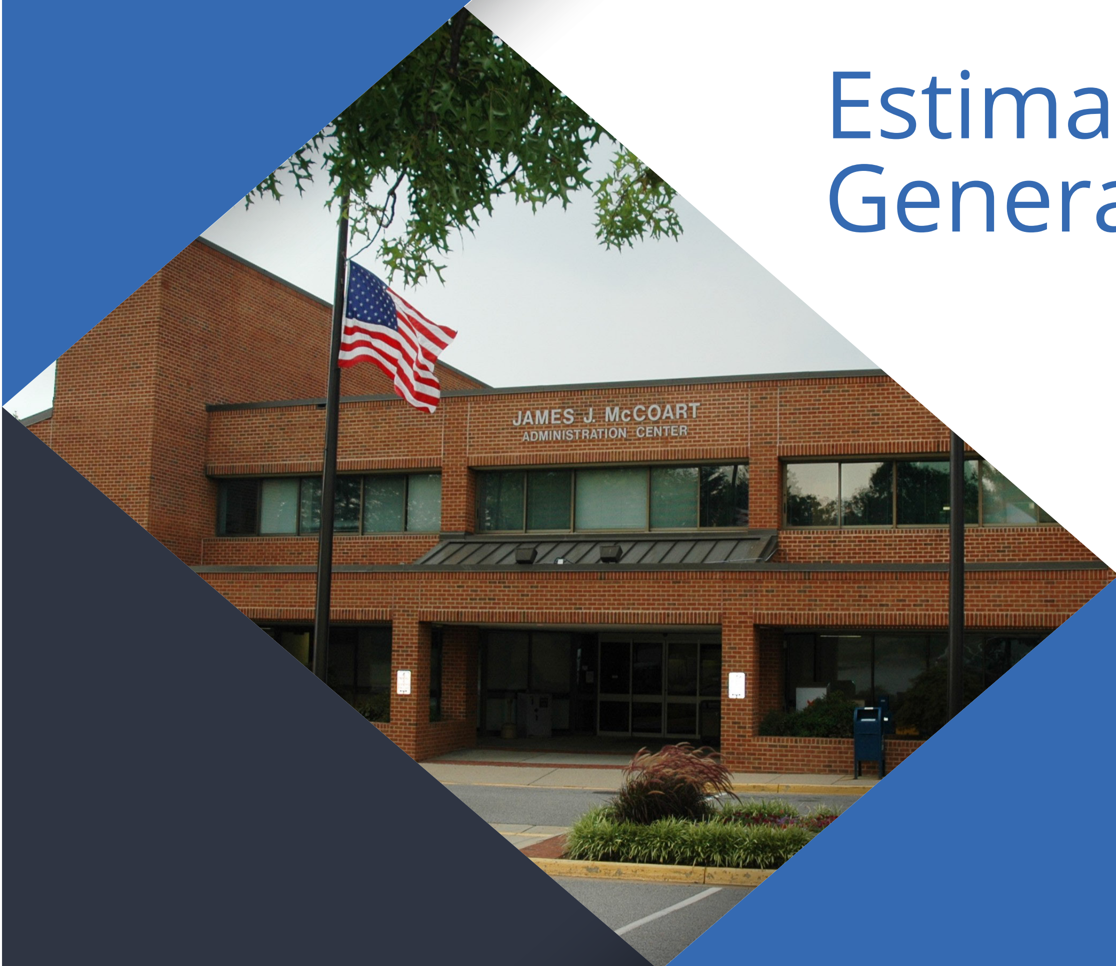
Prince William

Finance

Estimate of General Revenue



Adopted FY 2021

PRINCE WILLIAM COUNTY

Office of the County Executive
Christopher E. Martino

DATE:	June 26, 2020
TO:	Board of County Supervisors
FROM:	Michelle L. Attreed Director of Finance /CFO
THRU:	Christopher E. Martino County Executive
RE:	Revenue Committee Report Fiscal Year 2021

I am pleased to present the Adopted FY 2021 Estimate of General Revenue. This report was prepared in accordance with the County's Principles of Sound Financial Management as part of the responsibility to citizens to carefully plan for the funding of programs and services, including the provision and maintenance of public facilities and infrastructure.

During the development of the revenue forecast, the Revenue Committee sought input from public and private sector business representatives most knowledgeable with the County's major revenue sources. The discussions and their input assisted the Committee in identifying and interpreting important local, state, and national economic conditions and trends. As the COVID-19 pandemic continues to impact the economy in a unique unprecedented manner, staff will continue to monitor information as it becomes available and navigate through these challenging times of economic uncertainty.

Average residential real estate values grew by 3.94% while commercial values increased 5.26% during calendar year 2019 (tax year 2020). Personal property values related to the average assessed value of vehicles remained relatively flat, however, increases in the number of billable units remain solid. New taxable business tangible property, mainly from data centers, continues to grow and be a positive driver of personal property tax revenue.

A real estate tax rate of $1.125 generates an average tax bill of $4,355, a 3.94% increase over the FY 2020 average tax bill. The forecast includes a $0.10 increase to business tangible property tax rate for computer & peripheral equipment as well as new motor vehicle license tax rates. This revenue policy directive for the FY 2021 budget was approved by the Board of County Supervisors (BOCS) on April 28, 2020.

The revenue estimates contained in this document are used to support the FY 2021 Fiscal Plan, the FY 2021-2026 Capital Improvement Plan (CIP) and other financial undertakings.

I would like to thank the members of the Revenue Committee, the participants from the business community, and all others who contributed to the preparation of this report.

Prince William County

BOARD OF COUNTY SUPERVISORS

ANN B. WHEELER – *At-Large*
Chair

VICTOR S. ANGRY – *Neabsco District*
Vice-Chair

ANDREA O. BAILEY – *Potomac District*

JEANINE M. LAWSON – *Brentsville District*

YESLI VEGA – *Coles District*

PETE K. CANDLAND – *Gainesville District*

KENNY A. BODDYE – *Occoquan District*

MARGARET ANGELA FRANKLIN – *Woodbridge District*

CHRISTOPHER E. MARTINO
County Executive

DIRECTOR OF FINANCE/CFO

Michelle L. Attreed

DEPUTY FINANCE DIRECTOR

Timothy M. Leclerc

REVENUE COMMITTEE

Michelle A. Casciato, Deputy County Executive
Elijah T. Johnson, Deputy County Executive
Rebecca Horner, Deputy County Executive
Dave Sinclair, Budget Director
Tom Smith, Acting Director of Public Works
David C. Westcott Jr., Legislative Affairs Liaison
Wade Hugh, Director of Development Services
Ann Marie Maher, Director, Office of Tourism
Rebecca Horner, Acting Planning Director
Christina M. Winn, Executive Director, Economic Development
John M. Wallingford, Associate Superintendent for Finance and Risk Support Services, PWC Schools
Lisa Thorne-Izes, Director of Financial Services, PWC Schools

PROJECT MANAGER

Lillie Jo Krest, Assistant Director of Finance for Treasury Management

FINANCE DEPARTMENT STAFF

Bart Cecil
Susan Rodeheaver
Rocio Lamb
Paul Velasquez
Jessica Meade
Melissa Korzuch
Viicky Silor

Brad Norris
Svetlana Olchevski
Endora Matei
Allison Lindner
Kerem Oner
Terri Whitt

COUNTY DEMOGRAPHER

Brian Engelmann, Department of Information Technology

The Revenue Committee Expresses its Appreciation to the Public and Private Sector Business Community for their Assistance in the Development of this Report

JOHN R. LAYMAN
Senior Economist
Virginia Department of Taxation

SONYA R. WADDELL
Vice President and Economist, Regional and Community Analysis
The Federal Reserve Bank of Richmond

NORTHERN VIRGINIA BUILDING INDUSTRY ASSOCIATION
Prince William Chapter
Sherman Patrick
Ben Sage
Coleman Rector
Truett Young

ASSOCIATION OF REALTORS
Prince William (PWAR)
Liz Hernandez
April Thomas
Lisa Sturtevant, Virginia Realtors, Chief Economist

COMMERCIAL DEVELOPERS
Jim Mertz
Russ Gestl
Mike Garcia, Chairman, Commercial Development Committee

TABLE OF CONTENTS

Economy At-A-Glance

The County's revenues are affected, in varying degrees, by economic conditions at the national, state and local levels. The charts that follow identify some of the key indicators[1] for the national, regional, and local economies and show trends year-over-year (Y-O-Y). A "green" symbol indicates a positive trend, a "yellow" symbol signals a cautionary or neutral trend and a "red" symbol represents a negative trend.

Indicator			**Explanation**	**Trend (Y-O-Y)**
CPI (Consumer Price Index)	**1.5%** *(Mar 2020)*	**1.9%** *(Mar 2019)*	Reflects changes in the purchasing power per unit of money (inflation/ deflation) Unadjusted year/year	
GDP (Gross Domestic Product)	**-4.8%** *(Q1 2020)*	**3.2%** *(Q1 2019)*	Indicator of the overal health of the U.S. economy	
Stock Market				
S&P 500	**2,584.59** *(03/31/20)*	**2,834.40** *(03/31/19)*	Indicator of the overall health of the U.S. stock market	
Dow Jones	**21,971.16** *(03/31/20)*	**25,928.68** *(03/31/19)*	Indicator of the overall health of the U.S. stock market	
Federal Funds Rate	**0.08%** *(03/31/20)*	**2.43%** *(03/31/19)*	Indicator of return on investments	
Unemployment Rate ◊				
National	**4.4%** *(Mar 2020)*	**3.8%** *(Mar 2019)*	Indicator of overall health of the U.S. job market Seasonally adjusted	
State	**3.3%** *(Mar 2020)*	**2.9%** *(Mar 2019)*	Indicator of overall health of the VA job market Seasonally adjusted	
Region	**3.4%** *(Mar 2020)*	**3.3%** *(Mar 2019)*	Indicator of overall health of the NoVa job market Not seasonally adjusted	
Prince William County	**3.0%** *(Mar 2020)*	**2.8%** *(Mar 2019)*	Indicator of overall health of the PWC job market Not seasonally adjusted	

◊ Bureau of Labor Statistics - U3

[1] Data is subject to revisions.

Indicator			Explanation	Trend
National Retail Sales	**-8.3%**	**1.6%**	Indicator of relative health of U.S. economy Not seasonaly adjusted	
	(Mar 2020)	*(Mar 2019)*	*MOM (month-over-month)*	
Employment Establishments◊				
State	**279,643 (+2.7%)**	**272,163**	Indicator of overall health of VA economy, businesses & job market	
	(Q3 2019)	*(Q3 2018)*		
Region (Washington - Alexandria - Arlington)	**90,664 (-0.4%)**	**91,051**	Indicator of overall health of NoVa economy, businesses & job market	
	(Q3 2019)	*(Q3 2018)*		
Prince William County	**9,553 (+3.3%)**	**9,252**	Indicator of overall health of PWC economy, businesses & job market	
	(Q3 2019)	*(Q3 2018)*	*YOY (year-over-year)*	
Sales Tax Growth				
State	**+8.4%**	**+3.5%**	Indicator of overall health of VA economy	
	(Mar 2020)	*(Mar 2019)*	*FYTD (fiscal year-to-date)*	
Prince William County	**+5.7%**	**+6.2%**	Indicator of relative health of PWC economy	
	(Mar 2020)	*(Mar 2019)*	*FYTD (fiscal year-to-date)*	
State Revenue Collections	**+6.6%**	**+3.0%**	Indicator of relative health of VA economy	
	(Mar 2020)	*(Mar 2019)*		
National Automobile Sales	**14.79 M**	**16.49 M**	Indicator of consumer purchasing power Seasonally Adjusted at Annual Rates	
	(Mar 2020)	*(Q1 2019)*		
Commercial Vacancy Rates	**5.6%**	**5.4%**	Indicator of overall health of PWC businesses and commercial market	
	(Q1 2020)	*(Q1 2019)*		

◊ Bureau of Labor Statistics

Local Real Estate Market At-A-Glance

The chart below presents some of the key indicators[2] for the local real estate market and shows trends year-over-year (Y-O-Y).

Indicator			Explanation	Trend
Average Sales Price (MRIS)	**$432,656** **(+9.9%)** *(Mar 2020)*	**$393,699** *(Mar 2019)*	Indicator of relative health of the housing market *YOY (year-over-year)*	
# of Homes Sold	**589** **(+4.1%)** *(Mar 2020)*	**566** *(Mar 2019)*	Indicator of relative health of the housing market *YOY (year-over-year)*	
Average # of Days on Market	**22** **(-31.3%)** *(Mar 2020)*	**32** *(Mar 2019)*	Indicator of relative health of the housing market *YOY (year-over-year)*	
# of Occupancy Permits Issued	**1,171** **(-12.9%)** *(CY 2019)*	**1,344** *(CY 2018)*	Indicator of relative health of the housing market *YOY (year-over-year)*	
# of Building Permits Issued	**1,177** **(-3.2%)** *(CY 2019)*	**1,216** *(CY 2018)*	Indicator of relative health of the housing market *YOY (year-over-year)*	
Ratio of Homes on the Market to Homes Sold	**1.01** **(-30.3%)** *(Mar 2020)*	**1.45** *(Mar 2019)*	Indicator of relative health of the housing market	

[2] Data is subject to revisions.

Real Estate Tax Rate and Major Revenue Sources

FY 2021 Adopted Real Estate Tax Rate and Average Tax Bill

On April 28, 2020, the Board of County Supervisors adopted the Fiscal Year 2021 Fiscal Plan. The adopted real estate tax rate of $1.125 has the following tax bill impacts on property owners:

- Average real estate tax bill on existing, residential properties will increase $165 or 3.94%; and
- Average real estate tax bill on existing, commercial properties will increase 5.26%.

Major Revenue Sources

($ in 000s)	% to Total (FY 21)	FY 2021 Forecast
Real Estate Tax Rate:		**$1.125**
Real Estate Taxes	**65.63%**	$722,258
Personal Property Taxes	**20.03%**	$220,440
Sales Tax	**5.92%**	$65,130
Consumer Utility Tax	**1.34%**	$14,700
Communications Sales Tax	**1.32%**	$14,530
BPOL Tax	**2.21%**	$24,375
Investment Income	**0.73%**	$8,050
All Other	**2.82%**	$31,000
Total General Revenue	**100.00%**	$1,100,483
School Portion		$625,342
County Portion		$469,351
Transportation Fund		$5,790
Total General Revenue		$1,100,483

Key Assumptions

The following sections of this report contain the key assumptions that were the topic of discussion at the Revenue Committee Meetings. The comments and insights from public and private sector participants contributed to the formation of these assumptions.

FY 2021 GENERAL COUNTY REVENUE ESTIMATE BY CATEGORY		
GENERAL REVENUE SOURCE		**FY 2021 Forecast**
Real Estate (Gross Local Revenue)	40010	$ 737,693,000
Real Estate Exonerations	40020	$ (15,400,000)
Real Estate Tax Relief	40015	$ (23,000,000)
Real Estate		$ 699,293,000
Real Estate-Public Service	40041	$ 21,454,000
Real Estate Tax Deferral	40021	$ (500,000)
Land Redemption	40025	$ 315,000
Real Estate Penalties	40160	$ 1,696,000
TOTAL REAL ESTATE		$ 722,258,000
Personal Property	40071	$ 218,800,000
Personal Property Prior Year	40072	$ 120,000
Personal Property Exonerations	40079	$ -
Personal Property Tax Deferral	40081	$ (1,000,000)
Personal Property Penalties	40170	$ 2,520,000
TOTAL PERSONAL PROPERTY		$ 220,440,000
LOCAL SALES TAX	40210	$ 65,130,000
CONSUMER UTILITY TAX	40220	$ 14,700,000
BPOL TAXES - LOCAL BUSINESSES	40235	$ 24,375,000
INVESTMENT INCOME	40510	$ 8,050,000
COMMUNICATIONS SALES TAX	41339	$ 14,530,000
Interest on Taxes	40140	$ 1,744,000
Daily Rental Equipment Tax	40215	$ 519,000
Bank Franchise Tax	40230	$ 2,300,000
BPOL - Public Utility	40236	$ 1,515,000
Motor Vehicle License	40250	$ 12,840,000
Recordation Tax	40260	$ 7,800,000
Tax on Deeds	40261	$ 2,130,000
Transient Occupancy Tax	40270	$ 1,120,000
Interest Paid to Vendors	40520	$ (150,000)
Interest Paid on Refunds	40521	$ (20,000)
Rolling Stock Tax	41303	$ 93,000
Passenger Car Rental Tax	41304	$ 985,000
Manufactured Home Tilting Tax	41305	$ 44,000
Federal Payment in Lieu of Taxes	41700	$ 75,000
Undistributed & Miscellaneous	41150	$ 5,000
ALL OTHER REVENUE		$ 31,000,000
TOTAL GENERAL REVENUE		**$1,100,483,000**

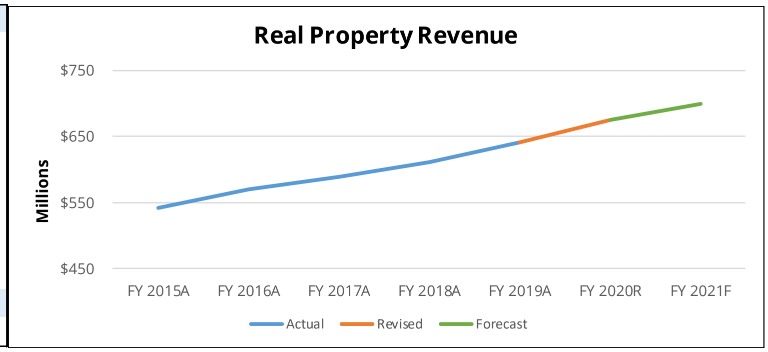
Real Property Revenue

Real estate revenues are broken down into the following categories: general real estate tax, public service tax, real estate tax deferral, land redemption, and real estate penalties.

Real Estate Taxes

The real estate tax is the single largest revenue source for Prince William County, contributing approximately 65.63% of general revenues (FY 2021 forecast). This tax is levied on all land, improvements, and leasehold interests on land or improvements (collectively called "real property") except that which has been legally exempted from taxation by the Prince William County Code and the *Code of Virginia*. The revenue summary for the general real estate tax applies only to real property assessed locally[3]. The graph below shows a five-year history of this revenue source and the FY21 revenue forecast.

FY	Actual	% Change
FY 15	$ 541,246,698	5.04%
FY 16	$ 569,594,736	5.24%
FY 17	$ 588,085,866	3.25%
FY 18	$ 610,486,700	3.81%
FY 19	$ 641,139,857	5.02%
Current Year Adopted	$ 671,723,000	4.77%
Current Year Revised	$ 673,946,000	5.12%
	Forecast	
FY 21	$ 699,293,000	3.76%



Residential Real Estate

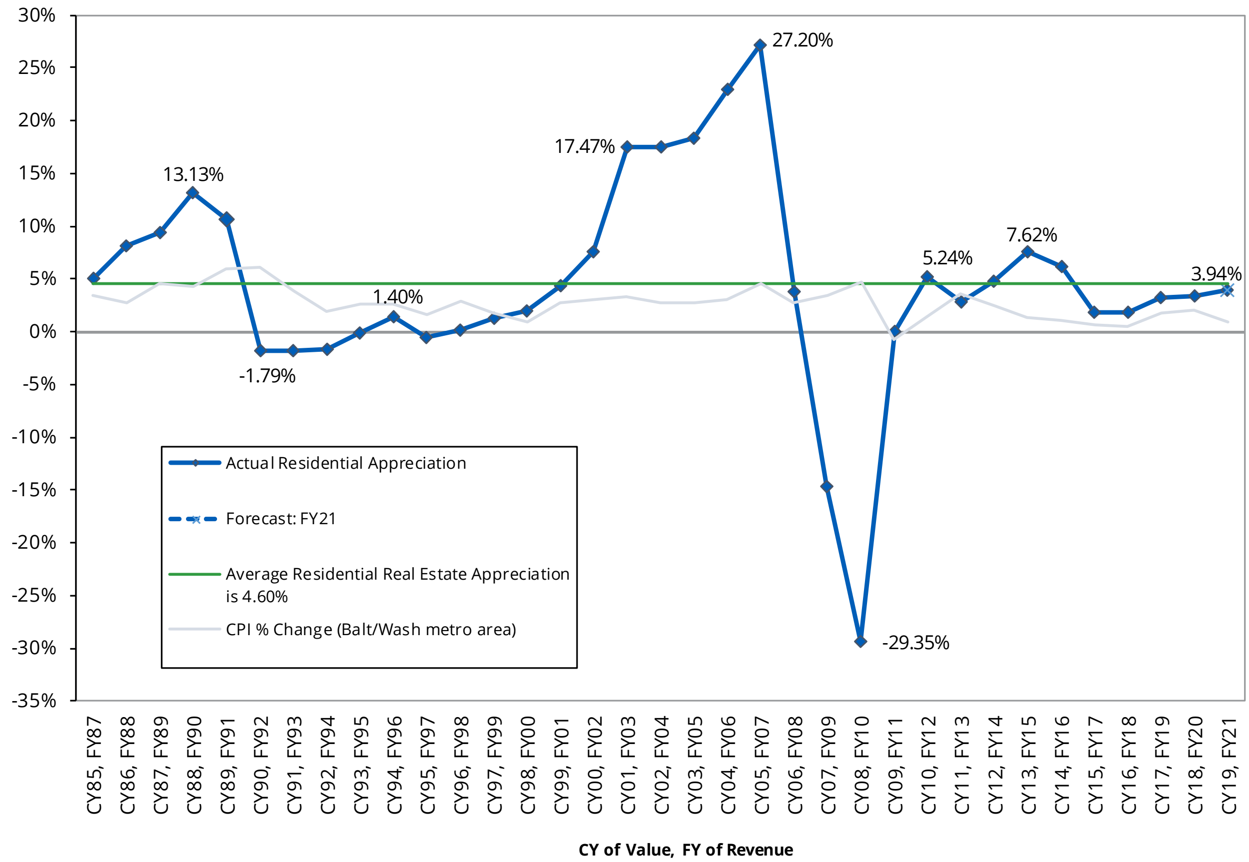
During calendar year 2019 (CY 2019) the residential real estate market continued to appreciate at a steady pace. Positive factors, highlighted by strong economic conditions and low interest rates, helped propel the residential market in the County. Following a 3.40% increase in values in 2018, the average existing home value increased approximately 3.94% in 2019. In 2019, foreclosures fell sharply from approximately 340 in 2018 to 114 in 2019. Bank owned properties and short sales made up approximately 1.5% of all sales that transacted in 2019, down from 2% in 2018. The average number of days on the market also declined significantly from 32 days in March 2019 to 22 days in 2020.

The residential real estate market consists of four property types: single-family homes, townhouses, residential condominiums, and apartments. Duplex units are included within the townhouse category. The apartment category consists of units within rental apartment communities and apartment buildings with five or more units.

[3] Real property includes residential, apartments, commercial and industrial, and agricultural and resource land property types.

Residential Appreciation

The following chart shows a history of actual residential appreciation (excluding rental apartments) from calendar year 1985 through 2019.



Expected changes in appreciation for residential and apartment properties during the forecast period are as follows:

Fiscal Year	**FY 2021**
Calendar Year Activity	2019
Landbook Year (real estate)	2020
Appreciation	
Residential	3.94%
Apartments	7.00%

The economy of the Washington D.C. Metropolitan area has remained strong and job growth and median household incomes are likely to remain solid going forward, especially with Amazon HQ2 moving into Arlington County and the expansion of Micron in the City of Manassas. The residential market is forecast to continue to see moderate price improvement over the course of the next few years.

Apartments Market Value Change

Apartments appreciated roughly 7.0% in value in 2019. The main drivers behind this appreciation were modest increases in rents while vacancies ticked up slightly and capitalization rates decreased. Demand for apartments is expected to remain strong due to affordability challenges presented by residential real estate in general. Appreciation is projected to continue throughout the forecast period at a somewhat lower rate due to saturation of the apartment market.

Residential New Construction Units

Growth is defined as the change in assessed value due to the subdivision of land and the construction of new residential units. Construction taking place in one calendar year affects real estate revenues two fiscal years later. For example, construction that occurred in calendar year 2019 will be reflected in the County's January 1, 2020, land book, which provides the basis for real estate tax revenue projected to be received in fiscal year 2021.

The table below summarizes the number of newly constructed residential units during the forecast period.

Fiscal Year	FY 2021
Calendar Year Activity	2019
Landbook Year (real estate)	2020
Residential Units Completed	
Single Family	670
Townhouse	360
Condominium	90
Apartments	432

The volume of new home starts is expected to remain near current levels. Construction of new apartment units is expected to add approximately 432 units in FY 2021 due to relative saturation of the market.

Residential Values per New Unit

The estimated average assessed value of a new home (all types) constructed during calendar year 2019 is estimated to be approximately $549,138, a 10% increase over the average assessed value of homes built in 2018. It should be noted that the overall assessed value of a new home is affected by the mix of single family, townhouse, and condominium units constructed in any given year.

The estimated average assessed value of a new single-family home is projected to be approximately $640,050 in 2019. The estimated average assessed value of a new townhouse and a condominium unit are estimated to approximately be $416,091 and $362,033, respectively.

Commercial Real Estate

Calendar year 2019 market activity in Prince William County resulted in commercial properties appreciating approximately 5.3%. Commercial real estate vacancy rates improved slightly as the year progressed. The strongest performing sector remained the industrial properties, which showed approximately 10.0% appreciation.

Commercial appreciation for FY 2021 is forecasted as follows:

Fiscal Year	FY 2021
Calendar Year Activity	2019
Landbook Year (real estate)	2020
Commercial Appreciation	5.3%

Average assessed values per square foot for FY 2021 are determined based on the added building value resulting from new construction completed during calendar year 2019.[4] These unit values are adjusted to reflect the general appreciation of commercial properties during the remainder of the forecast period.

Commercial properties are categorized into the following property types: retail, industrial, hotel, office, special purpose, and miscellaneous. For FY 2021 (calendar year 2019 market activity), approximately 1.8 million square feet of commercial space, including powered shell warehouse data centers, was added to the assessment rolls. New commercial space added can vary significantly from year to year due to a variety of factors including project delays and changing dynamics of the commercial environment.

Retail
Approximately 73,000 square feet of new space was added to the retail sector in 2019. Shopping centers specifically have experienced higher vacancies over the past three years and are in absorption phase. The demand for retail space remains sluggish while the capitalization rates are on the uptick.

Industrial
Construction of industrial properties added approximately 1.3 million square feet to the commercial/industrial base in 2019, including a 352,000 square foot powered shell warehouse data center. Another 571,000 square feet of industrial space is expected to be completed in 2020. The current pipeline includes planned projects that should add roughly 400,000 square feet in calendar year 2021 and 300,000 square feet in the following years.

---

[4] Note that increases or decreases in dollars per square foot from one year to the next are not indicative of appreciation trends. Unit values are based on the contributory value of the new buildings in a category divided by the added square footage in that category. Building values per square foot vary widely among different building types within each category and the types of new buildings within categories vary from one year to the next.

Hotels

In calendar year 2019 two new hotels - Candlewood Suites in Dumfries and Home2 Suites in Woodbridge – were completed. Three more hotels are expected to be completed in 2020.

Office Buildings

Approximately 63,000 square feet of office space was added in the County in calendar year 2019. The office sector has been in absorption phase since 2010 when vacancies spiked. Over the past few years, vacancies have been coming down slightly while rents have been stabilized. Growth within the office sector is expected to be sustained at a low rate during the forecast period since there is an ample supply of inventory and accordingly very few projects in the pipeline. Industry experts also point to a growing trend of telecommuting, office hoteling, and reduced employee workspace as a factor that will continue to stifle office building construction.

Special Use

Properties within the special use category comprise nursing homes, healthcare facilities, and other types of properties that have no foreseeable alternate uses. In 2019, an assisted living facility was added totaling approximately 100,000 square feet. Five more assisted living facilities totaling 825,000 square feet are planned and expected to be built over the next few years.

Miscellaneous

Miscellaneous category includes golf courses, taxable schools, and other property types that do not fit in one of the major categories. In 2019, approximately 125,157 square feet was added due to the completion of the Lifetime Fitness Facility.

Data Centers

Three full data centers totaling almost one million square feet are under construction with more planned in the out years. Full data centers are valued by the megawatt power available to the facility.

Real Estate Exonerations

Estimated real estate tax exonerations are deducted from the gross local real estate tax revenue to arrive at the net local real estate tax revenue.

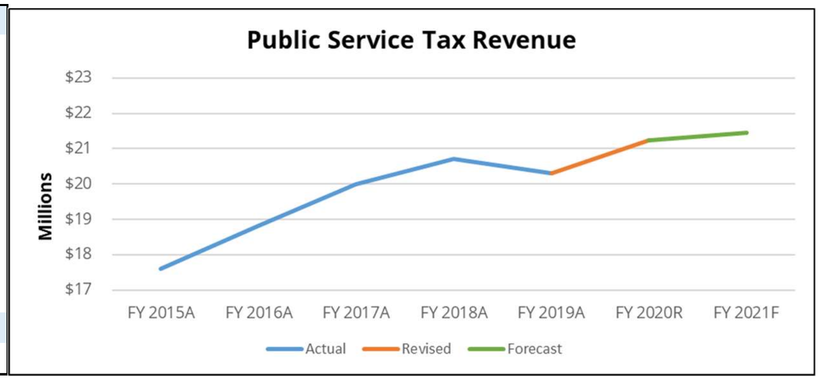
Exonerations are decreases in revenue due to assessment reductions, changes in tax liability, or tax relief programs. Assessment reductions are typically caused by appeals of assessed values. Changes in tax liability occur when a property transfers from a taxable to a tax-exempt status. Taxes are also exonerated on properties whose owners qualify for the Tax Relief Program for the Elderly and Disabled or the Tax Relief Programs for Disabled Veterans and Surviving Spouses. Tax Relief is expected to increase approximately 10%-15% in each year of the forecasting period.

Public Service Taxes

Public service taxes are levied on non-locally assessed properties. The State Corporation Commission (SCC) assesses all telecommunications companies, water companies, intrastate pipeline distribution companies, and electric light and power companies. The Virginia Department of Taxation assesses railroads and interstate pipeline transmission companies.

Historically, the majority of changes within the public service classification have been attributable to new construction growth. Public service market values are not subject to the same market changes as other real estate properties.

FY	Actual	% Change
FY 15	$ 17,589,241	-0.84%
FY 16	$ 18,830,860	7.06%
FY 17	$ 19,998,125	6.20%
FY 18	$ 20,706,349	3.54%
FY 19	$ 20,295,824	-1.98%
Current Year Adopted	$ 20,956,000	3.25%
Current Year Revised	$ 21,242,000	4.66%
	Forecast	
FY 21	$ 21,454,000	1.00%



Real Estate Tax Deferrals

If unpaid real estate taxes at the end of a fiscal year are less than at the beginning of that fiscal year, the amount of the reduction is recorded as revenue in real estate tax deferrals.

If unpaid real estate taxes at the end of a fiscal year are more than at the beginning of that fiscal year, the amount of the increase is recorded as negative revenue in real estate tax deferrals. Real estate taxes collected after becoming more than three years' delinquent are accounted for as land redemption revenue.

The revenue forecast methodology considers an estimate of collections of unpaid taxes up to five years' delinquent. This revenue category varies depending on the amount of unpaid taxes at the end of one year compared to the previous year due to 1) voluntary payment of taxes, 2) County resources allocated to collection efforts, and 3) the success of those collection efforts[5].

[5] The BOCS has continued to support this initiative and at the end of FY 2019, current real estate tax collections were 99.8% of the July 1, 2018, tax levy.

Land Redemption

Land redemption is the recognition of real estate taxes collected after being more than three years' delinquent. The *Code of Virginia* allows Prince William County to pursue the collection of delinquent real estate taxes for twenty years. This revenue category varies depending on the amount of unpaid taxes three years and older, and the level of success in collecting these past due amounts. A variety of methods are used to enforce the collection of back taxes, including filing suit to force the sale of the property for unpaid taxes. Unpaid land redemption taxes, as of June 30, 2019, were $782,528.

Real Estate Penalties

Prince William County assesses a 10% penalty on the late payment of real estate taxes on the unpaid original tax balance. Interest at the rate of 10% per annum is added to any unpaid balance beginning on the first day of the month following the original due date. Revenue from real estate penalties is estimated by applying a fixed percentage (approximately 0.23%) to the real estate revenue forecast excluding public service properties.

Interest on Taxes

Delinquent personal property and real estate tax accounts incur interest at 10% of the unpaid amount the first year. Subsequent years are incurred at 10% or the Internal Revenue Service (IRS) delinquent tax rate, whichever is greater.

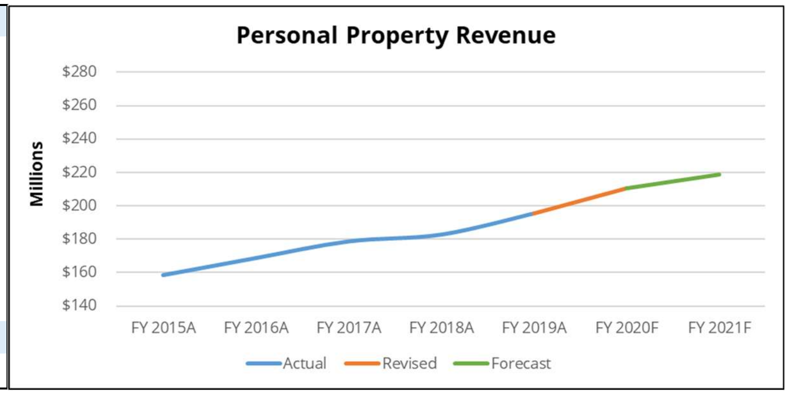
The revenue estimate is computed by multiplying a fixed percentage of 0.19% by the combined estimate for gross current year real property tax revenue (excluding public service revenue) and personal property tax revenue.

Personal Property Revenue

Vehicles

The personal property tax is assessed on vehicles, mobile homes, and business tangible property. Approximately 75% of personal property tax revenue is derived from vehicles, trailers, and mobile homes. The remaining 25% is derived from business tangible property.

FY	Actual	% Change
FY 15	$ 158,750,155	5.25%
FY 16	$ 168,957,847	6.43%
FY 17	$ 178,876,546	5.87%
FY 18	$ 182,970,452	2.29%
FY 19	$ 195,606,549	6.91%
Current Year Adopted	$ 204,800,000	4.70%
Current Year Revised	$ 210,500,000	7.61%
	Forecast	
FY 21	$ 218,800,000	3.94%



The County has effectively exempted the personal property tax on several classifications of personal property by adopting a tax rate of 0.001%. These classifications include farm equipment, vanpool vans, aircraft, boats, motor homes, camping trailers, horse trailers, and one vehicle owned by qualifying senior citizens and disabled persons or used by a volunteer and auxiliary fire and rescue company member who regularly responds to calls or performs other duties for a volunteer fire company. Other personal property is exempt by federal or state law, or is granted a local property exemption. These classifications include personal property used exclusively by churches, personal property owned by federal, state or local governments, the personal property of non-profit organizations specifically enumerated in state law, and the personal property of not-for-profits granted property tax exemption by either the Virginia General Assembly or the Board of County Supervisors. Rental vehicles, rental equipment, and the personal property of banks and insurance companies is also exempt because these organizations pay an alternative tax.

Car Tax Relief

The County receives a fixed amount of $54.3 million each year as reimbursement from the Commonwealth pursuant to the Personal Property Tax Relief Act (PPTRA), §58.1-3524 of the *Code of Virginia,* for providing tangible personal property tax relief on qualifying vehicles. This amount is included in the personal property revenue estimate for each year. The County has opted to allocate its reimbursement amount from the Commonwealth on a per vehicle basis. The amount of tax relief allocated to each vehicle changes from year-over-year based on the number and value of qualifying vehicles. For tax year 2019 (FY 2020), the reduction in the property tax on qualifying vehicles is equal to 45.0% of the tax on the first $20,000 of assessed value. The reduction in the property tax was equal to 100% of the tax for qualifying vehicles assessed at $1,000 or less.

Personal Property Tax Estimate on Vehicles

Personal property tax revenue from vehicles is estimated based on the percentage change in average assessed value per vehicle and the percentage change in the number of units billed. The assessed value of taxable vehicles is obtained from standard pricing guides in accordance with State law. Prince William County uses the clean trade-in values published in the National Automobile Dealers Association (NADA) value guide, which covers most vehicles. Vehicles older than years covered in the guidebook are based on a percentage of cost, depreciated by 10% for each subsequent year, or are set at a minimum value based on the model year depending on the information available. Vehicles newer than years covered in the guidebook are based on a percentage of cost. Trailers are assessed based on a percentage of cost.

Revenue Year	Value Avg. Value	% Change	Units % Change
FY 21	$11,174	1.00%	2.43%

The per-unit average value is expected to increase slightly from FY 2020 to FY 2021 based on information received from NADA. Generally, vehicles depreciate from year-over-year, but the average includes both vehicles sold or moved out and new vehicles moving in. Therefore, in many years the average increases. As reported in Automotive News[6], the Cox Automotive's Manheim Used Vehicle Index is expected to be flat to 1% in FY 2021. Thus, the average value in Prince William County is expected to be mostly flat as well.

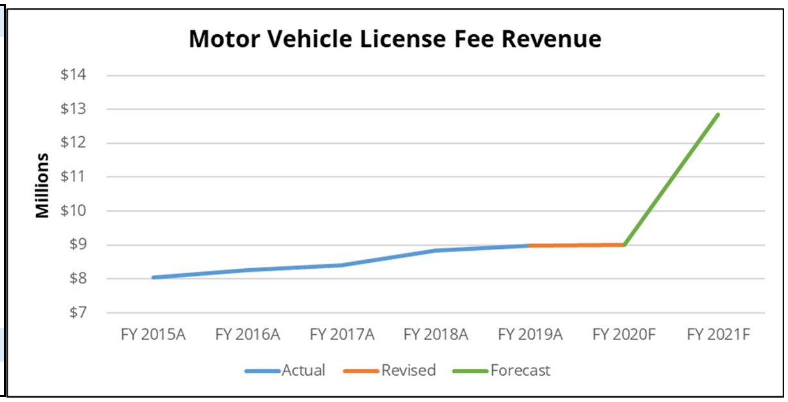
The FY 2021 forecast assumes a 2.43% increase in the number of vehicle units billed. The growth in the number of vehicle units is a result of population and business growth.

Motor Vehicle License Fee

Section 46.2-752 of the *Code of Virginia* authorizes the County to levy a vehicle license fee. The amount of the license fee cannot be greater than the annual or one-year fee imposed by the Commonwealth on motor vehicles. On April 28, 2020, the Board of County Supervisors adopted[7] new motor vehicle license tax rates; $33 per year for each automobile, truck or motor home normally garaged or parked in the County and $20 fee per year for each motorcycle. The license fee revenue forecast is derived by multiplying the license fee by the estimated billable units in the County.

[6] Muller, David. “5 used-vehicle trends in 2020.” Automotive News. 30 Dec. 2019. Web. 15 Jan. 2020.
[7] Prince William County Code Section 13-78. Prior fees ($24/$12) were in existence since 2006.

FY	Actual	% Change
FY 15	$ 8,052,600	1.84%
FY 16	$ 8,260,395	2.58%
FY 17	$ 8,408,654	1.79%
FY 18	$ 8,845,474	5.19%
FY 19	$ 8,986,829	1.60%
Current Year Adopted	$ 9,400,000	4.60%
Current Year Revised	$ 9,000,000	0.15%
	Forecast	
FY 21	$ 12,840,000	42.67%



Business Tangible

Personal Property Tax Estimate on Business Tangible Property

The business portion of the personal property tax is levied on all general office furniture and equipment, machinery and tools, equipment used for research and development, heavy construction equipment, and computer equipment and peripherals located in Prince William County as of January 1st of each year. Each business is required to file a return annually declaring the item, its original cost, and year of purchase. Therefore, the assessed value is determined from its original cost, year of purchase, and use of the equipment. On April 28, 2020, the BOCS adopted a rate of $1.35[8] (an increase of $0.10). The revenue forecast for FY 2021 incorporates this increase. General business equipment and heavy equipment account for approximately 65% of taxes on business equipment. Taxes on computer equipment and peripherals and machinery and tools account for the remaining 35%.

Taxes from business tangible property are expected to increase 6% in FY 2021. The growth is driven mainly by increases in the revenue generated by the tax on computer equipment and peripherals, specifically equipment located in data centers.

Personal Property Prior Year

This account is used to record changes to prior year personal property taxes because of changes in estimated allowance for uncollectible taxes. These revenues are less than $200,000 a year and are therefore not addressed in detail.

[8] April 28, 2020, Resolution No. 20-330.

Personal Property Deferrals

If unpaid personal property taxes at the end of a fiscal year are less than at the beginning of that fiscal year, the amount of the reduction is recorded as revenue in personal property tax deferrals. If unpaid personal property taxes at the end of a fiscal year are more than at the beginning of that fiscal year, the amount of the increase is recorded as negative revenue in personal property tax deferrals.

The revenue forecast is made by estimating collections of unpaid taxes up to five years' delinquent. This revenue category varies depending on the amount of unpaid taxes at the end of one year compared to the previous year due to: 1) voluntary payment of taxes, 2) County resources allocated to collection efforts, and 3) the success of those collection efforts[9].

Personal Property Penalties - Current Year

Prince William County assesses a 10% penalty on the late payment of personal property taxes. The 10% personal property penalty on late payments applies only to the local share of the delinquency. The penalty is not applied to the portion paid by the Commonwealth through the PPTRA.

Personal property penalty revenue is projected to increase in FY 2021 due to the increase in the estimate of personal property taxes billed each year.

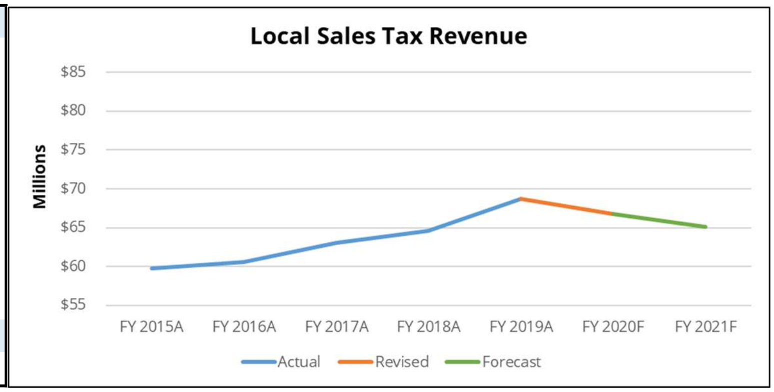
Local Sales Tax Revenue

Prince William County, by adopted ordinance, has elected to levy a 1% general retail sales tax. This tax is levied on the sale, lease or rental of tangible property, excluding motor vehicle sales and trailers, vehicle rentals, boat sales, gasoline sales, natural gas, electricity, and water, and the purchases by organizations that have received tax-exempt status. Sales tax revenue is collected by the Virginia Department of Taxation and is distributed to the County monthly. There is a two-month lag between the date of sale and the actual receipt of funds by the County.

The four incorporated towns within Prince William County (Dumfries, Haymarket, Occoquan, and Quantico) share in the local sales tax based on the ratio of school age population in the towns to the school age population of the entire County according to the latest statewide school census. Therefore, the County realizes approximately 98% of the monthly sales taxes collected.

[9] The BOCS has continued to support this initiative and at the end of FY 2019, current personal property tax collections for the year ended June 30, 2019, were 97.5%, of the July 1, 2018 tax levy.

FY	Actual	% Change
FY 15	$ 59,708,982	5.66%
FY 16	$ 60,550,579	1.41%
FY 17	$ 63,021,936	4.08%
FY 18	$ 64,565,705	2.45%
FY 19	$ 68,699,741	6.40%
Current Year Adopted	$ 68,176,000	-0.76%
Current Year Revised	$ 66,800,000	-2.77%
	Forecast	
FY 21	$ 65,130,000	-2.50%



Sales tax revenue remained strong pre COVID-19. On a year-to-date basis, through March, sales tax revenue had risen 5.7% versus the 3% estimate. As reported by the Commonwealth of Virginia's Secretary of Finance, growth can be attributed to the new Wayfair related tax dealers. It is anticipated that COVID-19 related impacts such as the nationwide closing of non-essential businesses, stay-at-home orders, travel restrictions, social distancing along with consumer uncertainty warrants a decrease of 2.5% in FY 21.

The factors that contribute to the County's sales tax revenue are:

- a strong local economy;
- increase in registered remote sellers [10];
- stable number of retail establishments buoyed by CARES Act funding and County Small Business Relief Micro-Grants;
- a high level of household income in the County - 2018 median household: $101,059[11];
- comparatively lower unemployment rate and increased wage growth; and
- continued population growth.

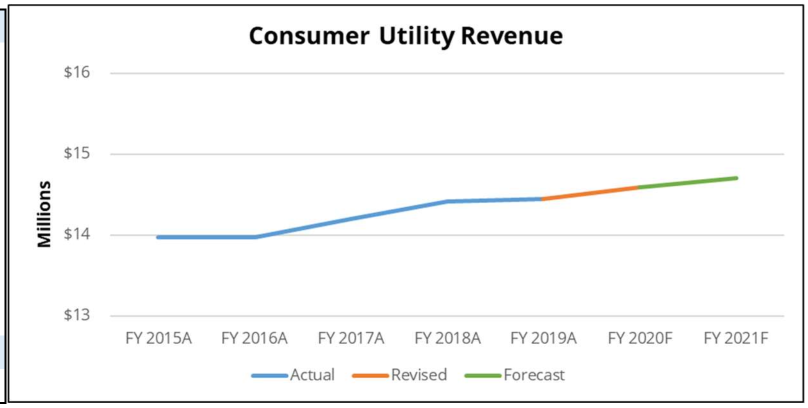
Consumer Utility Revenue

Prince William County levies a consumer utility tax on electric and natural gas utilities. The County does not tax water and sewer services. Effective January 1, 2001, the *Code of Virginia*[12] required Prince William County to convert its existing tax on purchasers of natural gas and electricity from a dollar-based tax to a consumption-based tax.

Since consumer utility taxes are capped, inflation and utility rate increases are not a factor in the five-year forecast. The FY 2021 forecast reflects a modest increase due to limited new home construction and possible COVID-19 impacts on household decisions to delay home purchases due to job losses/furloughs.

[10] Effective July 1, 2019 HB 1722/SB 1083 Remote Sales & Use Tax Collection
[11] Source: Median household income in the past 12 months (in 2017 inflation-adjusted dollars) - U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.
[12] *Code of Virginia* §58.1-3814

FY	Actual	% Change
FY 15	$ 13,974,213	1.52%
FY 16	$ 13,976,627	0.02%
FY 17	$ 14,195,902	1.57%
FY 18	$ 14,417,046	1.56%
FY 19	$ 14,443,344	0.18%
Current Year Adopted	$ 14,590,000	1.02%
Current Year Revised	$ 14,590,000	1.02%
	Forecast	
FY 21	$ 14,700,000	0.75%



The levy for *electricity*[13] consumption based on kilowatt-hours (kWh) is:

- Residential users: $1.40 minimum billing charge plus the rate of $0.01509 on each kWh delivered monthly by a service provider not to exceed $3.00 per month.
- Commercial users: $2.29 minimum billing charge plus the rate of $0.013487 on each kWh delivered monthly to commercial consumers, not to exceed $100.00 monthly.

The levy for *natural gas*[14] consumption based on 100 units of cubic feet (CCF) is:

- Residential consumers: $1.60 minimum billing charge plus the rate of $0.06 on each CCF delivered monthly to residential consumers, not to exceed $3.00 per month.
- Commercial consumers: $3.35 minimum billing charge plus the rate of $0.085 on each CCF delivered monthly to commercial consumers, not to exceed $100.00 monthly.

The chart below shows the five-year history of electric and gas utility revenue in Prince William County.

Revenue Year	Utilities Electric	Gas
FY 15	1.75%	0.94%
FY 16	0.66%	-1.56%
FY 17	1.25%	2.36%
FY 18	1.27%	2.27%
FY 19	0.18%	0.20%

Communications Sales and Use Tax Revenue

Under legislation enacted by the 2006 General Assembly, House Bill 568, the Virginia communications sales and use tax, also referred to as the communications sales tax,

[13] Prince William County, VA-*Code of Ordinances* Sec. 26-111
[14] Prince William County, VA-*Code of Ordinances* Sec. 26-112

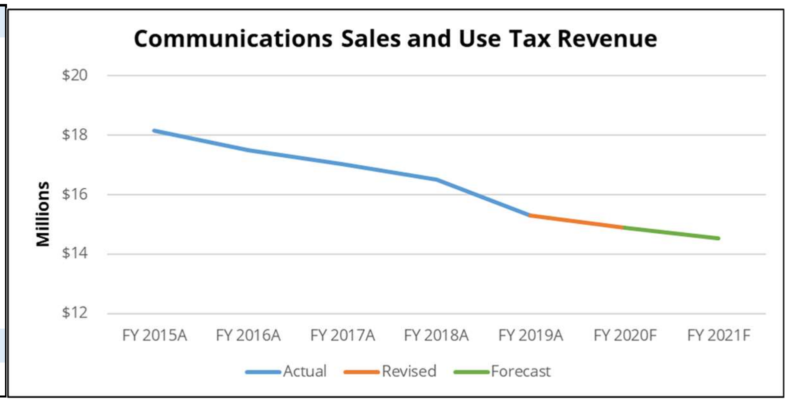
replaced most of the previous state and local taxes and fees on communications services, effective on January 1, 2007.

The communications sales tax, imposed on the charge for sale of communications services at the rate of 5%, is generally collected from consumers by their service providers and remitted to the Virginia Department of Taxation each month on the following services:

- Landline Telephone
- Wireless Telephone
- Cable Television
- Satellite Television
- Paging
- Voice Over Internet Protocol

As enumerated in § 58.1-662 of the *Code of Virginia*, the communications sales and use tax revenue will be distributed to localities according to the percentage of telecommunications and cable television tax revenue each locality received relative to the statewide total. The County's current allocation is 4.63% of the statewide telecommunications sales and use tax.

FY	Actual	% Change
FY 15	$ 18,146,347	-0.46%
FY 16	$ 17,490,453	-3.61%
FY 17	$ 17,035,603	-2.60%
FY 18	$ 16,509,503	-3.09%
FY 19	$ 15,289,789	-7.39%
Current Year Adopted	$ 15,500,000	1.37%
Current Year Revised	$ 14,900,000	-2.55%
	Forecast	
FY 21	$ 14,530,000	-2.48%



Despite housing growth, this revenue source continues to decline as landline usage decreases. Preliminary results from the National Center for Health Statistics' January-June 2019[15] National Health Interview Survey (NHIS) indicate that the number of American homes with only wireless telephones continues to grow. The survey states that over one-half of American homes (59.2%) had only wireless telephones. Additionally, the Commonwealth's 2020--2022 biennium budget provides an annual deposit[16] to the Commonwealth's general fund of $2 million each year, further reducing the revenue that is allocated to the localities. This revenue source is projected to continue to decline in FY 2021 as uncertainty remains as to when this revenue source will level out.

[15] In January 2019, the NHIS launched a redesigned questionnaire.
[16] 2018 Appropriation Act, Chapter 2 paragraph KK

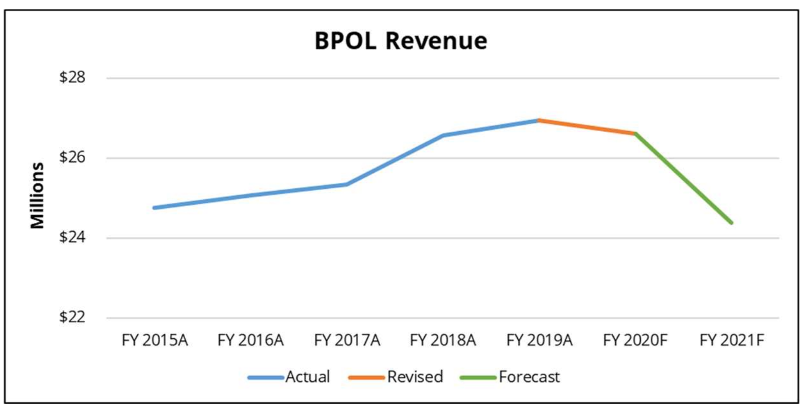
BPOL Revenue

The Business, Professional, and Occupational License (BPOL) tax is imposed on commercial and home occupational businesses operating in Prince William County. The County has adopted a multiple tax rate schedule according to the type of business activity subject to the tax. The BPOL tax is currently levied on[17]:

- County businesses with annual gross receipts (from the prior calendar year) greater than $500,000;
- New businesses in the County based on an estimate if gross receipts are greater than $500,000 for the current year; and
- Building contractors located outside the County but performing work within the boundaries of Prince William County when the amount of work in the County exceeds the $500,000 threshold.

BPOL revenue is made up of the following components: retail (50%), building construction (15%), business services (20%), professional services (13%), and hotels and other (2%). The basis for the FY 2021 BPOL tax revenue is business gross receipts from calendar year 2020. In most years, the forecast model assumes that BPOL will change at an average close to growth plus inflation for all business classes. However, at this time, it is challenging to predict the impacts to many businesses, especially that of retailers and restaurants due to COVID-19 closures and stay-at-home orders. Accordingly, a conservative decrease of 8.42% has been made to the FY21 forecast.

FY	Actual	% Change
FY 15	$ 24,744,036	4.09%
FY 16	$ 25,065,213	1.30%
FY 17	$ 25,340,993	1.10%
FY 18	$ 26,553,957	4.79%
FY 19	$ 26,945,229	1.47%
Current Year Adopted	$ 28,000,000	3.91%
Current Year Revised	$ 26,615,000	-1.23%
	Forecast	
FY 21	$ 24,375,000	-8.42%



Investment Income

Investment income represents interest receipts, interest accrual, and gains or losses from the sale of investments for Prince William County's share of earnings on the "general" cash

[17] On November 21, 2017, the BOCS amended Prince William County, VA-Code of Ordinances Sec. 11.1-17 to increase the gross receipts threshold for business from $400,000 to $500,000 for fiscal year 2018 and subsequent license years thereafter.

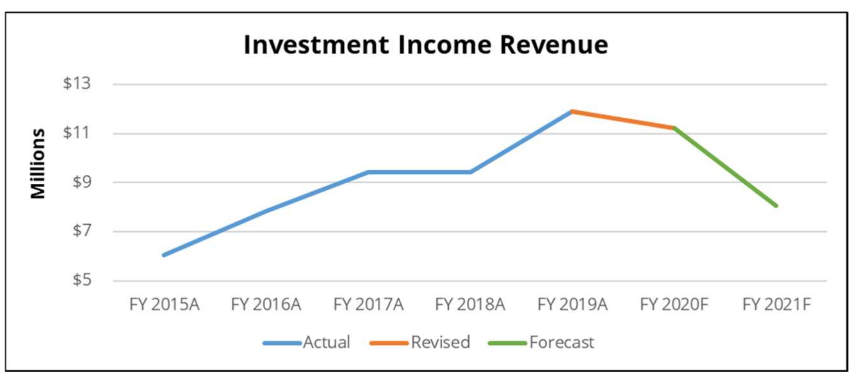
investment portfolio. The general portfolio consists of those funds that are not restricted such as the proceeds of bond issues that have strict requirements as to how they are spent and invested. The general fund available cash constitutes 46% to 48% of the total pooled investments. All funds are invested in accordance with the *Code of Virginia* and the Board adopted Investment Policy that sets the County's investment guidelines based on the core principles of legality, safety, liquidity, and yield. Prince William County's investment strategy addresses these guidelines by investing in a diversified portfolio with specific security types, financial institutions, and maintaining sufficient liquidity to meet anticipated operating requirements. In addition, the County seeks to match its cash flow needs to the overall maturity structure of the portfolio in order to maximize yield.

To forecast investment income, the average portfolio yield and portfolio value are projected to determine the current or estimated future year's investment revenue. The general fund share is calculated based on the prior year actual share of cash balances available to invest. The average total dollar value of the portfolio is affected by the increase in County revenues and fund balance. Therefore, the revenue forecast itself becomes a key determinate of interest income. The table provides the forecasted growth in the portfolio. Increases in portfolio size typically come from additions to fund balance/year-end savings as well as a portion of annual revenue growth.

Projected Portfolio Value (in 000s)		
FY 20	$	1,205,900
FY 21	$	1,242,100

Prince William County's portfolio earnings yield is broadly correlated to the Federal Funds Rate and current holdings in the portfolio. In response to the perceived impact of COVID-19, the Federal Open Market Committee (FOMC) cut the target Federal Funds rate 150 basis points in March to a range of 0.00% to 0.25%. The action taken by the FOMC, coupled with an average interest rate decline of over 135 basis points spanning the County's investment horizon, will create downward pressure on interest income earned over the foreseeable future. Additionally, the timing of security purchases, cash flow requirements, interest rate environment at the time securities are purchased, and the duration of securities are all major factors affecting the portfolio's yield.

FY		Actual	% Change
FY 15	$	6,036,382	-11.68%
FY 16	$	7,832,996	29.76%
FY 17	$	9,417,266	20.23%
FY 18	$	9,424,113	0.07%
FY 19	$	11,893,648	26.20%
Current Year Adopted	$	13,940,000	17.21%
Current Year Revised	$	11,200,000	-5.83%
		Forecast	
FY 21	$	8,050,000	-28.13%



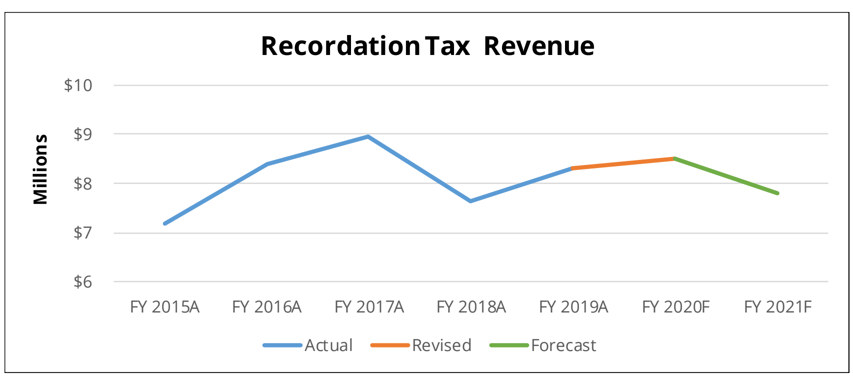
All Other Revenue Sources

Recordation Tax

A recordation tax is levied when a legal instrument regarding real property such as a deed or deed of trust is recorded with the Clerk of the Circuit Court. This tax is charged for transfers in ownership of property, deeds of trust, and mortgage refinancing. On April 28, 2004, the Commonwealth of Virginia increased the State recordation tax rate from $0.15 per $100 of value to $0.25 per $100 of value effective September 1, 2004 (FY 2005). Section 58.1-814 of the *Code of Virginia* grants Prince William County the authority to levy an optional, local recordation tax rate equal to one-third of the State recordation tax rate. Therefore, the local recordation tax rate increased from $0.05 per $100 of value to $0.083 per $100 of value. The forecast reflects only Prince William County's share of recordation tax revenue and does not include the state portion of recordation revenue.

Recordation tax revenue is driven by home sale activity and price appreciation as well as refinance activity. Low mortgage rates coupled with low unemployment rates and high consumer confidence, continue to encourage market entry. According to the Metropolitan Regional Information Systems (MRIS) sales data for March 2020, the average residential sales price of $432,656 is a 9.9 percent increase over March 2019. The number of sales for the same period totaled 589 units, an increase of 4.06 percent when compared to March 2019 (566 units sold). The County's residential market remains, mixed with tight inventories and a decrease in active listings, down 27.9 percent, when compared to the same period in 2019. On average, units are 22 days on the market, a sharp decrease from 32 days the same period last year. According to the Virginia Realtors March 2020 Virginia Home Sales Report, "strong economic fundamentals in Virginia should help the Commonwealth weather the COVID-19 pandemic better than some other places." The outlook for Virginia's housing market in 2020 is positive, though the biggest challenges will be a lack of inventory and growing affordability challenges. Mortgage rates remain at near-record low levels, which provides a major incentive to homebuyers. However, uncertainty in the economy and expected job losses/furloughs may delay home purchases. Accordingly, the FY 2021 forecast reflects a modest decrease of approximately 8.2% as activity slows.

FY	Actual	% Change
FY 15	$ 7,174,961	14.38%
FY 16	$ 8,383,183	16.84%
FY 17	$ 8,965,151	6.94%
FY 18	$ 7,624,383	-14.96%
FY 19	$ 8,317,640	9.09%
Current Year Adopted	$ 7,900,000	-5.02%
Current Year Revised	$ 8,500,000	2.19%
	Forecast	
FY 21	$ 7,800,000	-8.24%



On October 26, 2004, the Board of County Supervisors adopted Resolution No. 04-1034, which earmarks a portion of recordation tax revenues for transportation purposes in the County. Beginning in FY 2006, recordation tax revenues generated by the rate increase of $0.033 plus a portion of recordation tax revenues generated from the base rate of $0.05 will be used to improve County roads. The remaining amount of recordation tax revenue is retained by the County as general revenue. The table below identifies the portion of recordation tax revenues designated for transportation and general revenue use.

	General Revenue	Transportation	TOTAL
FY 21	$ 2,010,000	$ 5,790,000	$ 7,800,000

Tax on Deeds

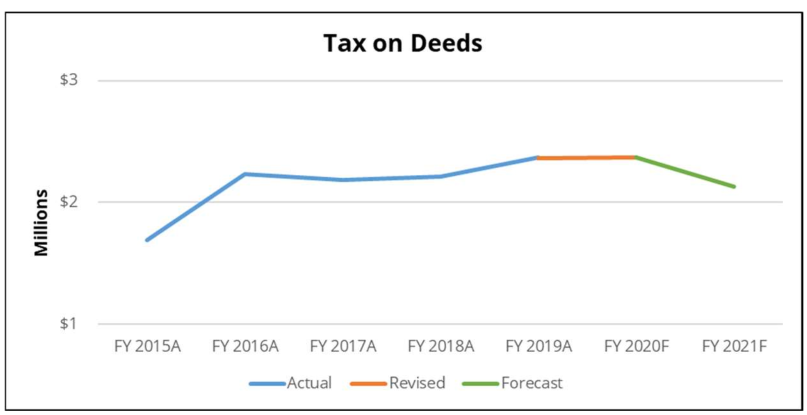
The tax on deeds is imposed when real estate deeds of conveyance (not deeds of trust) are recorded with the Clerk of the Circuit Court. It is important to note that the tax on deeds is not levied on mortgage refinancing. The tax on deeds is levied when:

- property ownership changes;
- property ownership is conveyed in any manner; or
- a legal instrument is recorded with a transfer amount.

The tax on deeds rate is $1.00 per $1,000 of value. The State and locality each receive half of the revenue generated by this tax (equal to $0.50 per $1,000 of value). The revenue forecast reflects only Prince William County's share of revenues.

Similar to the recordation tax, the FY 2021 forecast represents a decrease over the FY 2020 estimate.

FY	Actual	% Change
FY 15	$ 1,693,083	5.46%
FY 16	$ 2,229,997	31.71%
FY 17	$ 2,184,206	-2.05%
FY 18	$ 2,214,691	1.40%
FY 19	$ 2,369,274	6.98%
Current Year Adopted	$ 2,225,000	-6.09%
Current Year Revised	$ 2,370,000	0.03%
	Forecast	
FY 21	$ 2,130,000	-10.13%



Additional Revenue Sources

Listed below are additional general revenue sources estimated to be less than $5 million each. The forecast and a description of each revenue source follows:

All Other Revenue Sources	FY 2021 Forecast
Daily Rental Equipment Tax	$ 519,000
Bank Franchise Tax	$ 2,300,000
BPOL Public Utility	$ 1,515,000
Transient Occupancy Tax	$ 1,120,000
Interest Paid to Vendors	$ (150,000)
Interest Paid on Refunds	$ (20,000)
Undistributed & Miscellaneous	$ 5,000
Rolling Stock Tax	$ 93,000
Rental Car & Passenger Car Tax	$ 985,000
Manufactured Home Titling Tax	$ 44,000
Payments in Lieu of Taxes	$ 75,000
Total All Other Revenue	$ 6,486,000

Daily Rental Equipment Tax

The County levies a daily rental equipment tax of 1% on certified short-term rental businesses. The tax applies to businesses that rent items held by users for less than 91 consecutive days. Examples of such businesses include bowling alleys, hardware stores, and equipment rental stores. These businesses are required to collect 1% of the daily rent and remit it to the County quarterly.

Bank Franchise Tax

The County levies a bank franchise tax on the net capital of each bank, banking association, savings bank, or trust company that operates in the County. The tax is based on 0.8% of the net capital multiplied by the percentage of deposits on hand at that branch compared to its statewide deposits.

BPOL Taxes - Public Service

The Business, Professional, and Occupational License (BPOL) tax is imposed on public utility companies that operate in the County. The tax of $0.29/$100 of assessed value was identical to the County's BPOL tax on other businesses but was authorized under separate statute. The Commonwealth repealed the tax for electric companies and replaced it with the Corporate Net Income Tax and the declining Consumption Tax. The State set the latter at a maximum of $0.50/$100 of assessed value. If a locality's rate is below the maximum, the State receives the difference. Therefore, the Board of County Supervisors increased this tax only for electric companies from $0.29/$100 of assessed value to $0.50/$100 of assessed value effective January 1, 2001.

Transient Occupancy Tax

The County levies a transient occupancy tax (TOT) of 5% of the amount charged for the occupancy of hotels, motels, boarding houses, travel campgrounds and other facilities offering guest rooms rented out for continuous occupancy for fewer than 30 consecutive days. This tax does not apply to miscellaneous charges such as in-room telephone usage, movie rentals, etc. The tax is remitted directly to the County on a monthly basis. The general revenue share of this tax is 40% and the remaining 60% is budgeted for tourism-related purposes. Appropriation by the Board of County Supervisors is based on budgetary requirements requested by the Department of Parks, Recreation, and Tourism. The transient occupancy tax forecast is based on number of hotel rooms, occupancy rates, room rates and tourism related events. [Note: There is an additional 2% TOT on the amount of the charge for the occupancy of any room or spaced occupied in the County, as a member of the Northern Virginia Transportation Authority (NVTA), that is specifically earmarked for public transportation purposes in accordance with State statute. This revenue is not included in the general revenue estimate.]

Interest Paid to Vendors

When a vendor with whom the County does business overpays for any reason, or when a performance bond is repaid to a developer, the refunded amount includes interest. This interest is recorded as negative revenue.

Interest Paid on Refunds

The County must pay interest on taxpayer refunds based on delinquent taxes that were erroneously assessed. This interest is recorded as negative revenue.

Rolling Stock Tax

The rolling stock of railroads and freight car companies doing business in the Commonwealth is taxed at the rate of $1.00 on each $100 of assessed value. This tax is levied in lieu of the personal property tax. Revenues are distributed to counties, cities, and incorporated towns based on: (i) the percentage of track miles located in the locality versus the state-wide total or (ii) vehicle miles operated by a carrier in the locality versus the state-wide total.

Passenger Car Rental Tax

Motor vehicles rented daily are often moved from location to location and have no fixed site for personal property taxation. In lieu of the local personal property tax, the Virginia Department of Taxation administers and collects a tax for short-term rentals from rental businesses, automobile dealerships and other establishments located in the County. The State remits 4% of the rental fee for motor vehicles rented for a period of less than twelve months to the County.

Manufactured Home Titling Tax

The Manufactured Home Titling Tax is a 3% tax on mobile homes titled in the Commonwealth. The vendor pays the tax to the Department of Motor Vehicles who remits it to the locality where the home is registered.

Payments in Lieu of Taxes (PILT)

Payments in Lieu of Taxes (PILT) are Federal payments to local governments that help offset losses in property taxes due to nontaxable Federal lands within their boundaries. The formula used to compute this payment is based on population, receipt sharing payments, and the amount of Federal land within an affected county. On December 20, 2019, the President signed the Further Consolidated Appropriations Act, 2020 (P.L. 116-94) which appropriated full funding for PILT. Payments are normally issued prior to June 30th. Also included in PILT are funds received from the U.S. Fish and Wildlife Service.