ARLINGTON
VIRGINIA

R E V E N U E S

OVERVIEW

Fiscal Year (FY) 2019 revenues reflect ongoing modest growth in the Northern Virginia economy. Arlington's proximity to the nation's capital, balanced economy, smart growth planning, and highly-educated workforce help produce Arlington's slightly positive revenues.

Real estate tax revenues make up 57 percent of all General Fund revenues. In CY 2018, revenue growth from real estate tax slowed compared to last year but still reflects Arlington's stable property values with overall growth of 1.9 percent. However, values vary between residential and commercial property values.

Arlington's existing residential properties experienced a solid 3.8 percent growth in value, tracking the historic stability of the County's neighborhoods. This growth reflects increasing sales prices, with new construction adding an additional 1.0 percent. The average value of existing residential properties, including condominiums, townhouses and detached homes, increased from $617,200 in Calendar Year (CY) 2017 to $640,900 in CY 2018, an increase of 3.8 percent.

While property values for apartments, general commercial (malls, retail stores, gas stations, etc.), and hotels all showed modest growth, existing office property values declined 7.3 percent. This decrease in office property value is driven by increased vacancies and rent concessions.

Existing apartment property values increased 3.0 percent reflecting increasing rents while general commercial increased 2.7 percent and existing hotels increased 1.0 percent. Overall, existing commercial properties decreased by 1.2 percent. New construction – primarily in the apartments market - added 1.0 percent in value resulting in an overall decrease of 0.2 percent for all commercial properties.

Meanwhile, other revenue streams are experiencing a variety of changes. Local taxes other than real estate are expected to increase, 4.2 percent in the aggregate. Local fees and fines are anticipated to increase slightly in the aggregate while interest revenue is decreasing to reflect actuals being a bit lower than last year's budget. Charges for services are expected to increase 5.6 percent. Revenue from the Commonwealth is up 3.1 percent while funds from the federal government are increasing 7.5 percent, primarily due to increases in social services grants.

General Fund Revenues

Excluding fund balance, General Fund revenues for FY 2019 are forecast to be $1,258,831,974, an increase of 3.1 percent over the FY 2018 adopted budget levels. This change reflects the increase in the assessment base, increases in utility tax rates, increases in a variety of other fines and fees, and growth in all other tax revenue combined. Total General Fund revenues including fund balance total $1,275,833,059.

Modest Gains in Local Tax Revenues

For the FY 2019 adopted budget, General Fund tax revenues are forecast to increase by 2.8 percent. This gain is driven primarily by overall real estate assessment increases of 1.9 percent.

Other taxes combined are forecast to increase 4.2 percent in FY 2019. Personal property tax (including business tangible tax) is expected to increase 3.1 percent overall. This tax stream is increasing in the business tangibles segment (up 5.9 percent) based on recent actual receipts. Vehicle personal property receipts are increasing 1.8 percent in FY 2019. Sales tax is up 3.0 percent and meals tax is up 4.0 percent reflecting recent actuals in FY 2018 while transient occupancy tax is up 2.2 percent reflecting current daily rates and occupancy rates. Business, Professional and Occupational License Tax (BPOL) is projected to increase 4.0 percent.

State and Federal Budget Adjustments

FY 2019 revenue from the Commonwealth is expected to be up 3.1 percent while federal government revenues increase 7.5 percent. The increase in the Commonwealth revenue can be attributed to higher highway aid based on additional lane miles and changes in the Governor's proposed budget, additional funding for mental health / intellectual disabilities, higher grantor's tax revenue based on recent trends, and increased law enforcement aid included in the Governor's proposed budget.

The increase in federal funds is primarily driven by additional social service grant funds.

Staff is monitoring the continued development of the state budget as well as any federal government actions that might impact the County's budget.

Real Estate Tax Rate Remains among the Lowest in Northern Virginia

The FY 2019 adopted budget reflects a CY 2018 real estate tax rate of $1.006, which includes the current base rate of $0.993 and the county-wide wide sanitary district rate of $0.013 for stormwater management. Arlington will continue to have one of the lowest real estate tax rates in the Northern Virginia region, maintaining its history of providing excellent value. Because of assessment growth, the average homeowner will pay $238 more in real estate taxes in CY 2018 than in CY 2017, an increase of 3.8 percent.

Revenue Sharing with Arlington Public Schools (APS)

The FY 2019 adopted transfer to APS is $497,604,901 in ongoing FY 2019 local tax revenues – a 2.8 percent increase over the FY 2018 adopted budget. These funds are generated from a 46.6% share of ongoing local tax revenues. In addition, the Schools will receive $0.4 million in one-time funding from the shift in the Crystal City Tax Increment Financing increment from 30% to 25% effective in CY 2018 and from supplemental assessments. The County Board also added $2.8 million in additional one-time funding. Total adopted School funding for FY 2019 is $500,830,023.

Comparison between Budgeted Revenues and Expenditures

County budget information compares budgeted revenues and expenditures from the current fiscal year to the next fiscal year. Most of the growth calculations in this section, derived from historical trends and other data, are calculated against revised estimates for the current year. This is especially important for real estate revenue since the County's assessment of real estate occurs each January 1, or halfway through the current fiscal year. The value of real estate, determined in the middle of a fiscal year, has a significant impact on the current fiscal year's revenue since the first payment is due in June, prior to the end of the current fiscal year, and drives the forecast for the subsequent fiscal year. Other tax revenues are revised in the current year if the tax receipts indicate higher or lower year-end projected revenues. This revenue surplus or deficit is typically not recognized in the budget until the mid-year or third quarter review of the current fiscal year is completed.

Fiscal Outlook

Arlington continues to economically surpass much of the region and the nation. Arlington's unemployment rate remains the lowest in the Commonwealth. The County's per capita income remains among the highest in the state. Home prices continue on a positive trajectory, which help balance the commercial real estate sector's slower growth. Arlington is poised to begin FY 2019 with steady revenue streams, an overall positive real estate market, and low unemployment levels.

Economic Indicators

	CY 2015	CY 2016	CY 2017
Consumer Price Index (national CPI-U average)	0.1%	1.2%	2.1%
Employment Cost Index (private industry workers)	1.9%	2.2%	2.6%
Unemployment – US / Arlington (December)	5.3% / 2.8%	4.7% / 2.6%	4.4% / 2.2%
Mortgage Rate (annual average – 30 year fixed rate)	3.85% / 0.6 pts.	3.65% / 0.5 pts.	3.99% / 0.5 pts.
Federal Fund Rate (annualized)	0.13%	0.39%	1.00%
Retail Sales (based on 1% of Arlington tax revenue)	$3.95 billion	$4.06 billion	$4.17 billion
Office Vacancy Rate – (including sublets)	19.2%	19.0%	19.4%
Tourism – Hotel Occupancy Rate	77%	77%	77%
Tourism – Average Hotel room rate	$158.85	$162.04	$167.42

Sources: Bureau of Labor Statistics, Freddie Mac, Federal Reserve, Smith Travel Research, Costar

TAX COMPETITIVENESS

Arlington County continues to have a tax structure that is highly competitive with the region and with the nation. The adopted real estate tax rate for calendar year (CY) 2018, which includes an adopted base rate of $0.993 plus a $0.013 stormwater tax, is one of the lowest in the Northern Virginia region. Charts comparing current (CY 2017) tax rates and tax bills for various Northern Virginia jurisdictions can be found later in this section.

FINANCIAL STANDING

Arlington is one of approximately 39 counties in the United States to be awarded a triple Aaa/AAA/AAA credit rating. In May 2018, the three primary rating agencies all reaffirmed the highest credit rating attainable for jurisdictions. Ratings issued by Fitch, Inc. (AAA), Moody's Investors Service (Aaa), and Standard & Poor's (AAA) validate that Arlington's financial position is outstanding, and it reflects the strong debt position, stable tax base, and sound financial position.

TAX RATES, USER CHARGES, AND PERMIT FEE CHANGES FOR FY 2019

The following adopted changes for FY 2019 are reflected in total revenue amounts.

General Fund

In the General Fund, changes in revenue are reflected in the department narratives and the General Fund total revenues. The FY 2019 adopted budget includes the following:

- The adopted base real estate tax rate remains at the CY 2017 adopted rate of $0.993 per $100 of assessment value.
- Increases to the residential utility tax rates are: (1) from $0.005115 per kilowatt-hour (kWh) of electricity (with a $3 monthly maximum and the first 400 kWh exempt) to $0.01110 per kWh of electricity (with a $3 monthly maximum and no exemption) for electricity and (2) from $0.045 per hundred cubic feet (CCF) of natural gas (with a $3 monthly maximum and the first 20 CCF exempt) to $1.38 per CCF of natural gas (with a $3 monthly maximum and no exemption) for natural gas. This increase to residential rates has the effect of charging almost all residential utility consumers the $3 per month maximum.
- Commercial utility tax rates increase by five percent: (1) from $0.00649 per kWh plus a fixed monthly charge of $1.15 to $0.00681 per kWh of electricity plus a fixed monthly charge of $1.15 for electricity and (2) from $0.06522 per CCF of natural gas plus a fixed monthly charge of $0.845 to $0.06848 per CCF of natural gas plus a fixed monthly charge of $0.845 for natural gas.
- A 2.5 percent credit card convenience fee shifts the cost of using a credit card to those individuals who choose that payment method rather than having the County absorb that fee at the taxpayer’s expense.
- Fines for exceeding the time limit on parking meters increase from $35 per infraction to $40.
- Parking meter rates increase $0.25 while enforcement times change from 8 a.m. to 6 p.m. Monday through Saturday to 8 a.m. to 8 p.m. Monday through Saturday.
- In the Department of Environmental Services (DES), the household solid waste rate increases from $314.16 to $316.16. The fee is charged per refuse unit and achieves the County’s objective of 100 percent recovery of household refuse collection, disposal and recycling costs, leaf collection costs, and overtime costs associated with brush and metal collection.
- In DES, a new fee structure for the Multi-Family and Commercial Recycling Program results in full cost recovery for this program.
- In DES, Chapter 22 and Chapter 23 fees for the review of private site civil engineering design plans, building permits, right-of-way use permits and other related permitting and construction inspection services increase.
- In the Fire Department, the hourly fees for the Fire Systems Testing Program and inspections for Hazardous Material permits increase to achieve full cost recovery for these programs.
- In the Department of Human Services, new fees for Sexually Transmitted Infection (STI) clients receiving clinical, testing, and pharmaceuticals services have been adopted.

- In the Department of Parks and Recreation (DPR), fee changes and new fees have been adopted including short-term rental program rentals, tournament hosting fees, realignment of a variety of camp and class offerings as well as aquatics and gymnastics team fees, a change to the preschool program to upgrade the Teacher without a Paid Aide offering to Teacher with a Paid Aide for all offerings, and an increase to creative arts programs due to supply cost increases.

Stormwater Fund

- The FY 2019 adopted budget maintains the sanitary district tax for stormwater at $0.013 per $100 of assessed value to manage and improve the County's stormwater system.

- Erosion and Sediment Control fees are increasing.

Utilities Fund

- The water/sewer rate remains flat at $13.62 per thousand gallons. This corresponds to an estimated annual fee of $817.20 per household annually assuming 60,000 gallons of water consumption.

Crystal City, Potomac Yard, Pentagon City Tax Increment Financing (TIF) Fund

- The FY 2019 adopted budget funds the Crystal City, Potomac Yard, and Pentagon City TIF area using CY 2011 district assessments as the base year for valuation. The FY 2019 adopted budget decreases the increment dedicated to the TIF from 30 percent to 25 percent; this change has no impact on projects planned or timing of implementation. Therefore, funding in FY 2019 is 25 percent of the incremental tax payment generated by the projected assessment tax base increase for properties in the defined Crystal City, Potomac Yard, and Pentagon City area. Total FY 2019 revenue for the TIF is projected to be $4.7 million.

Columbia Pike Tax Increment Financing (TIF) Fund

- In the FY 2018 adopted budget, the Columbia Pike TIF baseline assessed value was reset by the County Board from CY 2014 to CY 2018. Funding for FY 2019 is expected to total $150,730.

Ballston Quarter Tax Increment Financing (TIF) Fund

- The FY 2019 adopted budget reflects the CY 2018 assessed values in the TIF district compared to the 2015 base year. Funding in an amount up to 65 percent of the incremental base value will be transferred to the trustee for the Ballston Quarter Community Development Authority (CDA) to fund the project stabilization fund as part of the Ballston Quarter CDA Series 2016A & Series 2016 B bond issuance. Funding for FY 2019 totals $537,700.

Transportation Capital Fund

- The FY 2019 adopted budget maintains the tax rate for the Transportation Capital Fund at $0.125 for each $100 of real estate assessment value to fund major transportation infrastructure projects. This tax rate is in addition to the real estate tax rate and is assessed to commercially zoned properties in Arlington. Total FY 2019 real estate tax revenue for the Transportation Capital Fund is projected to be $25.2 million in addition to $12.0 million of Northern Virginia Transportation Authority (NVTA) local share funding.

Special Assessment District Funds

- In the FY 2019 adopted budget, the Ballston Business Improvement Service District CY 2018 tax rate increases on a one-time basis from $0.045 to $0.053 per $100 of assessed value.

The Ballston BID, along with their Board of Shareholders, proposed the one-time tax rate increase to cover a decline in CY 2018 revenues caused by decreased assessed values. This BID tax is imposed to fund additional services in the Ballston area. This service district tax rate is in addition to the real estate tax rate and is assessed to commercially zoned properties in the District.

- The Crystal City Business Improvement Service District CY 2018 tax rate remains at $0.043 for each $100 of real estate assessment value, no change from the CY 2017 rate. This tax is imposed to fund additional services in the downtown Crystal City area. This service district tax rate is in addition to the real estate tax rate.

- The Rosslyn Business Improvement Service District CY 2018 tax rate remains at $0.078 for each $100 of real estate assessment value, no change from CY 2017 rate. This tax is imposed to fund additional services in the downtown Rosslyn area. This service district tax rate is in addition to the real estate tax rate.

CPHD Development Fund

- The FY 2019 adopted budget includes a 2.5 percent inflationary increase to all Development Fund fees to reflect increases to the costs of employee wages and benefits.

- Authority to implement an increase to the Fund’s Automation Enhancement Surcharge upon the successful implementation of the first phase of One-Stop Arlington online permitting system is also recommended to fund ongoing technology initiatives within the Development Fund, including the maintenance of the One-Stop Arlington online permitting system.

GENERAL FUND REVENUE SUMMARY

The FY 2019 General Fund budget is financed by a variety of revenue sources, which include local taxes, service charges, fees, and state and federal revenue.

- General Fund revenues total $1.28 billion, an increase of $23.1 million (1.8 percent) over the adopted FY 2018 budget. Net of fund balance, General Fund revenues are projected to total $1.26 billion, an increase of $37.6 million (3.1 percent).

- Local tax revenues are projected to total $1,067,821,677, an increase of $28.8 million (2.8 percent) over the FY 2018 adopted budget.
    - Local taxes represent 84 percent of total General Fund revenue.
    - Real estate assessments are up 1.9 percent over last year.
    - The adopted base real estate tax rate remains at the FY 2018 adopted level of $0.993 per $100 of assessment value.

- License, Permits, and Fee revenue are projected to total $11.3 million, a 5.1 percent increase over FY 2018 adopted budget levels. This increase is due primarily to an adopted increase to the hourly fees for the Fire Systems Testing Program and inspections for Hazardous Material permits as well as increases in Highway Permit fees.

- Fines and parking tickets are estimated to generate $7.6 million, a 6.4 percent increase, primarily due to increases in parking meter violation fines and recycling inspection fees in the Multi-Family and Commercial Recycling Program.

- Interest income is forecast at $5.5 million, a decrease from FY 2018 to better reflect actual FY 2017 revenue and anticipated returns in FY 2018.

- Charges for services revenue is projected to increase by $3.3 million or 5.6 percent. This is primarily due to the adopted increase in the rate and enforcement hours for parking meters.

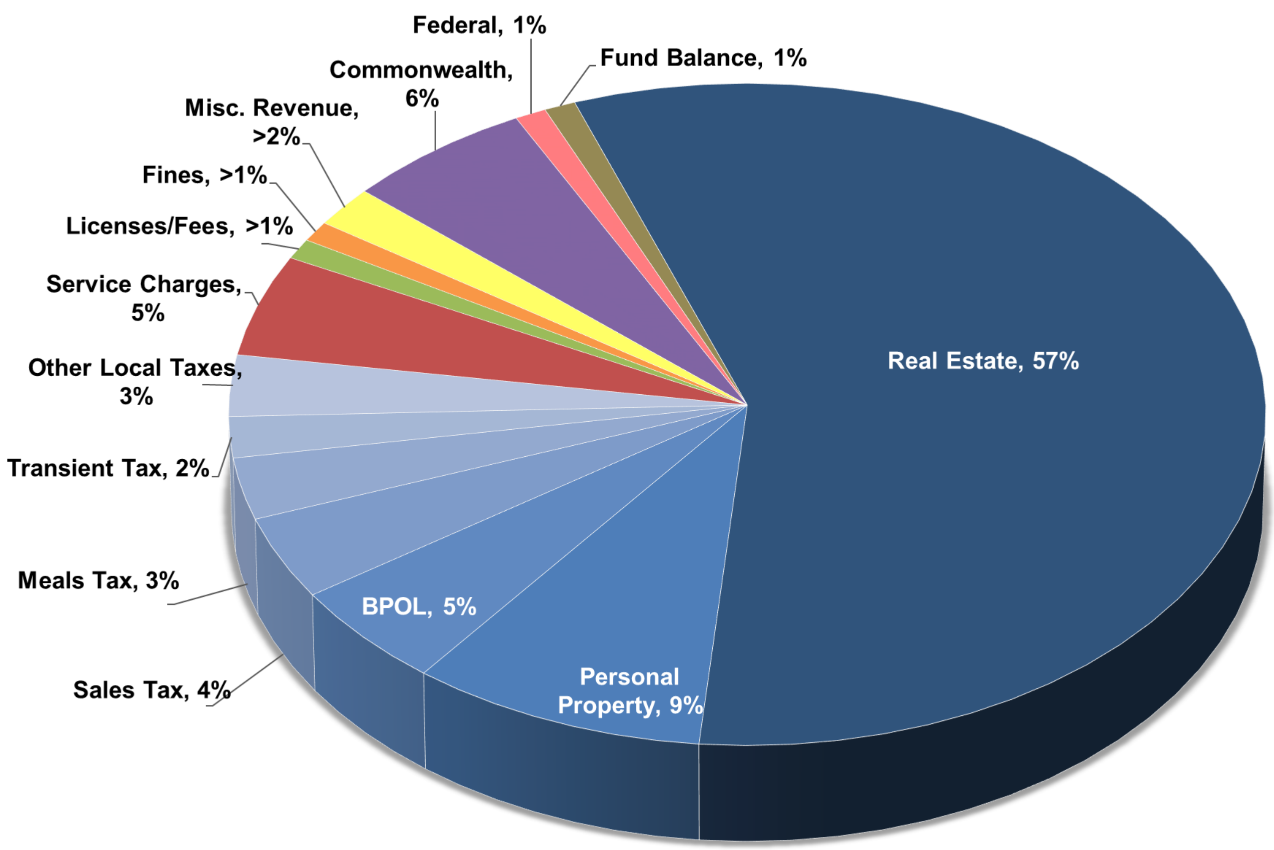
- State revenue is estimated to total $75.4 million, a 3.1 percent increase from the FY 2018 adopted budget.

- Federal Government revenue is forecast to total $16.3 million, a 7.5 percent increase. This is primarily driven increases in the allocations for federally-funded social service programs.

- Previous year fund balance carryover totals $17.0 million funded by a combination of additional revenue and/or expense savings identified from previous fiscal years.

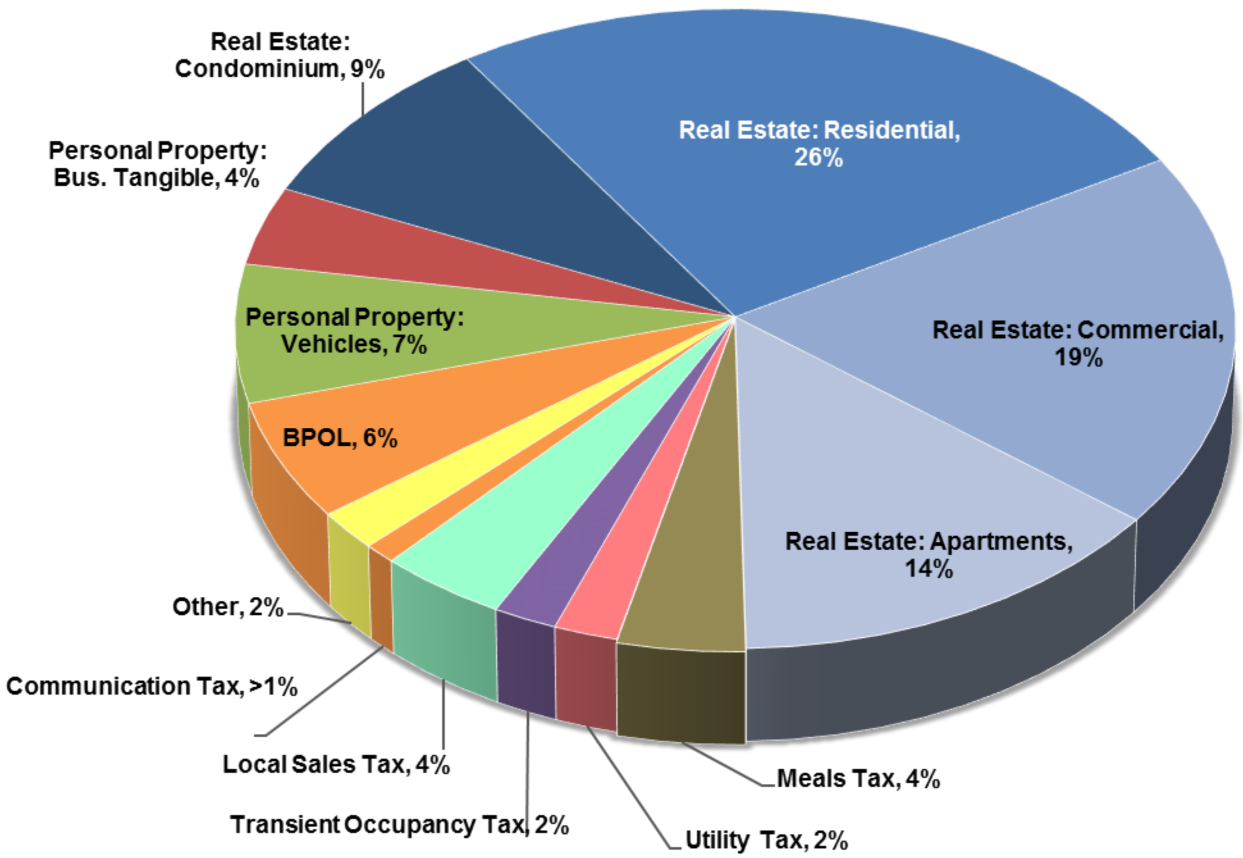
The pie chart on the next page illustrates the major sources of General Fund revenues.

FY 2019 General Fund Revenues



The pie chart below illustrates the local taxes that the County collects. As demonstrated by the chart, real estate and personal property taxes are the largest tax categories. Together, they account for almost 80 percent of local tax revenue. A description of the local taxes and a discussion of the FY 2019 revenue projections follow.

FY 2019 Local Taxes



REAL ESTATE TAX

Real estate taxes are the largest source of County revenues, generating $730.3 million or 57 percent of all revenues for the FY 2019 General Fund budget and 68 percent of all local tax revenues. Fiscal Year 2019 General Fund revenues reflect the real estate tax rate of $0.993 for each $100 of assessed real property value, no change from CY 2017.

Arlington County prorates real estate taxes for the value increase on new construction, a policy adopted in FY 1986. Previously, a property owner paid real estate taxes based on the January 1 value of a structure. No additional tax was assessed if the building was completed during the course of the year. With proration, property owners pay a prorated share of the real estate tax increase during the calendar year, based on when the building is substantially completed.

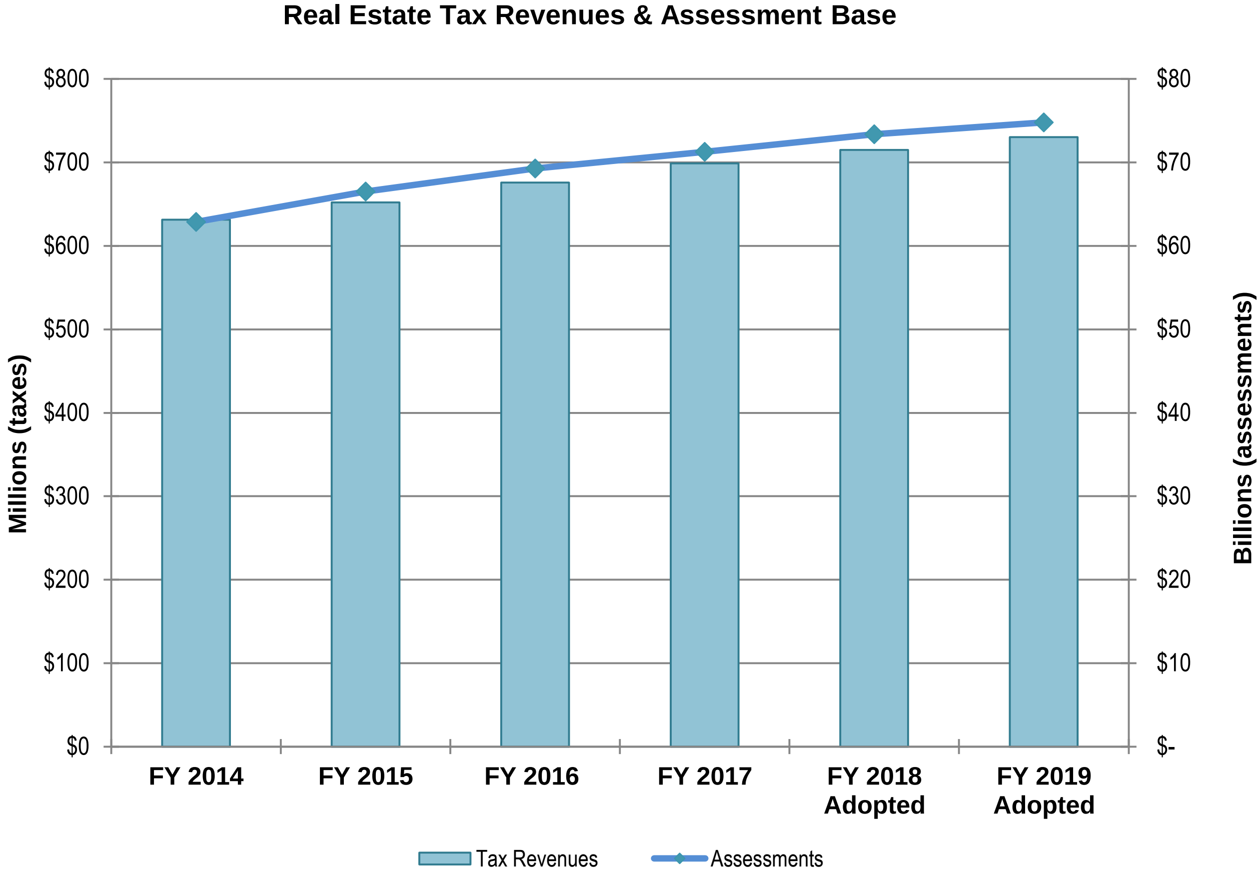
CY 2018 assessments reflected stable property values with 1.9 percent growth over CY 2017 – sustained by solid growth in the residential and apartment markets, partially offset by decreasing office property values. New construction in the County contributed to 0.6 percent of the overall property tax growth.

The combined value of commercial and apartment assessments decreased 0.2 percent. Apartment buildings showed growth of 4.7 percent, which included a 1.7 percent increase from new construction. Commercial properties decreased 3.7 percent due primarily to declining office values (6.8 percent) driven by vacancies and rent concessions, partially offset by 2.7 percent growth in general commercial property (i.e., malls, neighborhood shopping centers, retail shops, and restaurants) values and 2.1 percent growth in hotel property assessment increases.

Residential assessments increased 3.9 percent in the aggregate. Including new construction, single-family houses (including townhomes) increased 4.5 percent, while condominium assessment totals increased by 2.5 percent in CY 2018. The average value of a single-family property increased by 3.8 percent: from $617,200 in CY 2017 to $640,900 in CY 2018. At the adopted real estate tax rate of $1.006, which includes the $0.013 sanitary district "stormwater" tax, the average single-family residential tax bill will increase by about $238, or 3.8 percent, in CY 2018.

CHANGE IN ASSESSED VALUE OF REAL ESTATE IN ARLINGTON COUNTY
Calendar Year 2017 to Calendar Year 2018
(In millions, numbers may not add due to rounding)

	Single-Family				
	Houses	Condominium	Apartment	Commercial	Total
Percentage of CY 2017 Tax Base	37%	14%	20%	29%	100%
CY 2017 Tax Base	$27,402	$9,976	$14,991	$21,019	$73,388
Assessed Value Change	$1,165	$251	$455	($894)	$977
CY 2018 Tax Base (Excluding New Growth)	$28,566	$10,227	$15,446	$20,125	$74,365
Percent Change	4.3%	2.5%	3.0%	-4.3%	1.3%
New Construction	$60	-	$253	$106	$419
Percent Change	0.2%	0.0%	1.7%	0.5%	0.6%
CY 2018 With New Construction	$28,627	$10,227	$15,700	$20,231	$74,785
Percent Change CY 2017 to CY 2018	4.5%	2.5%	4.7%	-3.7%	1.9%



The following table shows the projected General Fund revenue generated by the real estate tax rate of $0.993 per $100 of assessed value (excluding the $0.013 rate for the stormwater fund) in FY 2019. The FY 2019 real estate tax revenues account for $9.6 million in anticipated tax refunds (reflecting 1.3 percent of total real estate taxes in line with the trend of actuals) and $0.7 million in penalty and interest revenue. The $730.3 million in real estate tax revenue is net of $4.2 million in tax relief for qualified elderly and disabled taxpayers, $0.5 million in tax relief for disabled veterans (state exemption effective January 1, 2011), $4.7 million set aside for the Crystal City Tax Increment Financing (TIF) fund, $0.2 million set aside for the Columbia Pike TIF fund, and $0.5 million set aside for the Ballston Quarter TIF. A new exemption from real estate taxes was approved by the state in 2015 effective for tax payments due on or after January 1, 2015. Surviving spouses of members of the armed forces may qualify for an exemption if the residence is single family and their principal residence; the assessed value of the dwelling unit cannot exceed the County's average assessed value.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Real Estate Taxes	$707,500,617	$724,572,910	$739,142,530	2%
Additions, Delinquent Penalty & Interest	699,899	765,000	725,000	-5%
Tax Refunds	(9,298,986)	(10,300,000)	(9,600,000)	-7%
Total	$698,901,530	$715,037,910	$730,267,530	2%

PERSONAL PROPERTY TAX

This tax is levied on the tangible property of individuals and businesses. For individuals, personal property tax is primarily assessed on automobiles. For businesses, examples of tangible property include machines, furniture, computer equipment, fixtures, and tools. Personal property taxes are projected to generate nine percent of the General Fund revenues in FY 2019.

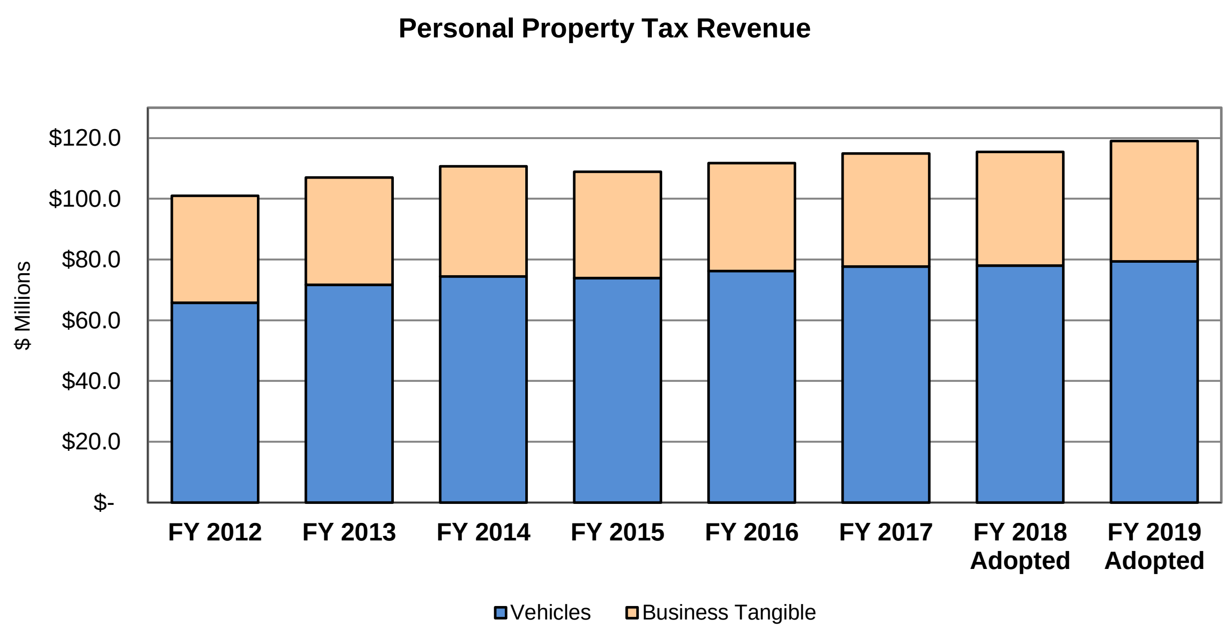
It is anticipated that the County's personal property tax revenues will increase 3.1 percent in FY 2019, from $115.5 million to $119.1 million. This reflects an increase in both business tangible property tax and motor vehicle property tax, both reflecting trends in actuals.

FY 2019 motor vehicle personal property tax revenue is projected to increase 1.8 percent over FY 2018 adopted amounts. The County bases its vehicle assessments on the National Automobile Dealer's Association's (NADA) assessment figures from January. However, the precise value of the assessment base is not known until July when the Commissioner of Revenue completes its primary assessment of vehicles on the tax rolls. Meanwhile, business tangible tax assessments are expected to increase 5.9 percent in FY 2019.

The personal property tax rate remains unchanged for FY 2019. The personal property tax rate was last increased in CY 2006 from $4.40 to $5.00 per $100 of assessed valuation in order to fund public safety compensation enhancements.

Personal Property and Business Tangible Assessments

The assessed value of personal property in the County (excluding Public Service Corporations) for CY 2017 totaled approximately $2.3 billion. Fiscal Year 2019 personal property tax revenue is projected to increase 3.1 percent over the FY 2018 adopted levels.



Vehicle Assessment

Vehicles in Arlington County are assessed using the average loan value from the NADA Used Car Guide, whereas other neighboring jurisdictions (except for Loudoun County) use the average trade-in value. Because the average loan value is ten percent less than the average trade-in value, Arlington's effective personal property tax rate is 4.5 percent. This effective tax rate is among the lowest in the Northern Virginia region. If vehicles are in the County for only part of the year, the tax is prorated for the time the vehicle is located in Arlington.

The CY 2018 estimated average assessed value (average loan value) of vehicles in the County is estimated to be approximately $10,235, up six percent from $9,682 last year. The table below shows the ten-year history for average assessed value, tax rate, and average total tax per vehicle.

PERSONAL PROPERTY TAX PAID FOR AVERAGE CAR VALUE*

Calendar Year	Average Assessed Value	Tax Rate	Total Tax
2009	$7,218	$5.00	$361
2010	$7,264	$5.00	$363
2011	$7,735	$5.00	$387
2012	$8,421	$5.00	$421
2013	$8,842	$5.00	$442
2014	$9,284	$5.00	$464
2015	$9,399	$5.00	$470
2016	$9,493	$5.00	$475
2017	$9,682	$5.00	$484
2018 (projected)	$10,235	$5.00	$512

*Does not reflect the State's rebates per the Personal Property Tax Relief Act (prior to CY 2006) or the State's fixed block grant distribution (after CY 2006). The tax rate is per $100 of assessed value.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Personal Property Taxes	$115,648,452	$115,652,147	$119,852,147	4%
Penalty & Interest	1,736,844	1,700,000	1,700,000	-
Tax Refunds - Personal Property	(2,549,245)	(1,900,000)	(2,500,000)	32%
Total	$114,836,051	$115,452,147	$119,052,147	3%

In June 2004, the State General Assembly fundamentally changed the Personal Property Tax Relief Act (PPTRA) originally enacted in 1998. Beginning in CY 2006, Arlington is no longer reimbursed for 70 percent of vehicle taxes for automobiles assessed below $20,000. Rather, the State reimburses Arlington County a fixed amount ($31.3 million) annually as a fixed block grant for vehicle tax reductions.

The State requires localities to distribute the fixed block grant to qualifying vehicle values below $20,000. The State allows localities wide discretion in determining how the money should be spread among the qualifying vehicle value range. For CY 2018, the County will provide 100 percent tax relief for assessed vehicle value at or below $3,000. For assessed value between $3,001 and $20,000 for conventional vehicles, it is projected that the taxpayer will pay 72 percent of the tax liability, with the State block grant funds contributing the remaining 28 percent. However, the exact amount of the CY 2018 subsidy on the portion of conventional fuel value between $3,001 and $20,000 will not be known until July 2018, when the Commissioner of Revenue releases vehicle assessment data.

Owners of cars that the Virginia Department of Motor Vehicles has designated as “clean special fuel” vehicles—a designation that includes most hybrid vehicles—will receive 50 percent tax relief on the portion of vehicle value between $3,001 and $20,000. It is estimated that the average clean fuel vehicle in the County will have an assessed value of roughly $11,850 in CY 2018. Thus, under the adopted tax relief formula, the owner of an average clean fuel vehicle would have a tax bill of $221. This CY 2018 bill is $97 less than what the owner of a comparably priced conventional fuel vehicle would pay.

Finally, vehicles equipped to transport disabled persons may qualify for additional tax relief. The FY 2019 adopted budget provides that the owners of qualifying vehicles will receive 50 percent tax relief on the portion of vehicle value between $3,001 and $20,000. It is estimated that there are less than 50 of this type of vehicle owned by individuals and registered in Arlington County. Because additional tax relief is being applied through PPTRA, it does not apply to commercially owned vehicles that have been modified to transport the disabled. With the relatively few vehicles anticipated to qualify for this enhanced tax relief, the impact to the average Arlington tax payer is negligible. If a qualifying, altered vehicle is valued at $14,000, then the vehicle owner is estimated to realize a reduction of $121 in their portion of the personal property tax bill compared to a similarly assessed conventional fuel vehicle.

The tables on the following page illustrate the projected amount of tax that vehicle owners of conventional fuel vehicles, clean fuel vehicles, and vehicles modified to transport the disabled would be responsible for and the portion of the total tax paid by state grant monies in FY 2019, based on preliminary estimates.

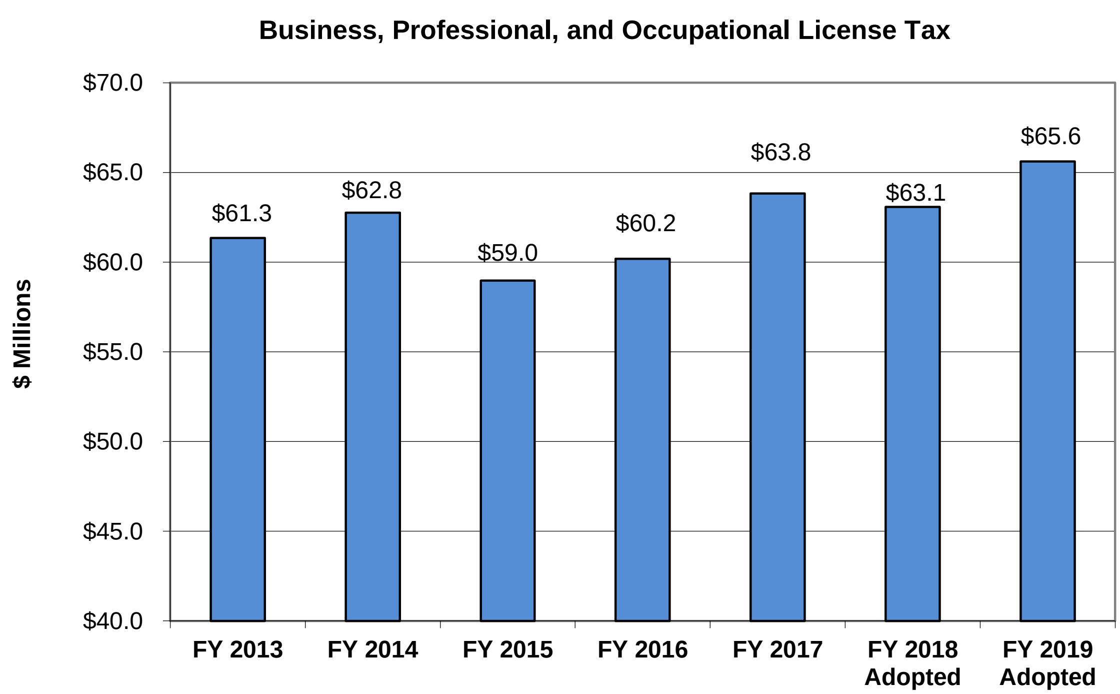
BUSINESS, PROFESSIONAL, AND OCCUPATIONAL LICENSE (BPOL) TAX

(State Code Section §58.1-3700, et al / County Code Section §11-57 through §11-84)

These taxes are levied on entities doing business in the County and are in the form of fixed fees or a percentage of gross receipts. For the first year of business, a firm is required to obtain a business license within 75 days of operation. The business license tax is based on the previous year's gross receipts (except in the case of new businesses, which must estimate their receipts until they have been in business a full calendar year). All licenses that are paid based on estimates are subject to adjustment when the actual receipts are known. Effective in 2001, the due date for filing and renewal of business licenses is March 1. A comparison of selected BPOL rates for Arlington and neighboring jurisdictions can be found at the end of this section.

For the FY 2019 budget, BPOL revenues are anticipated to increase 4.0 percent due to anticipated growth in revenue based on recent actuals.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
BPOL Taxes	$64,860,882	$65,318,073	$67,500,000	3%
Penalty & Interest	411,524	520,000	420,000	-19%
Tax Refunds - BPOL	(1,434,480)	(2,750,000)	(2,300,000)	-16%
Total	$63,837,926	$63,088,073	$65,620,000	4%



LOCAL SALES TAX

(State Code Section §58.1-605 & 606 / County Code Section §27-6)

In Arlington, the total non-food sales tax is currently six percent, of which one percent is a local option tax that is returned to localities by the Commonwealth and supports General Fund expenditures. The sales tax rate on food is currently 2.5 percent, of which one percent is remitted to localities. Food items are defined under the Food Stamp Act of 1977 (7 U.S.C. § 2012) to be food for home consumption by humans. This classification includes most grocery food items and cold prepared foods. Excluded from the definition of food are alcoholic beverages, tobacco, and prepared hot foods sold for immediate consumption. Fiscal year 2019 local sales tax revenue is anticipated to increase three percent compared to the FY 2018 adopted budget, reflecting trends in actuals.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Sales Tax	$41,197,357	$42,000,000	$43,260,000	3%

TRANSIENT OCCUPANCY TAX (TOT)

(State Code Section §58.1-3819, 3822 & 3833.3B / County Code Section §40, et al)

A five percent local tax is levied by Arlington on the amount paid for hotel and motel rooms. The FY 2019 TOT projections reflect occupancy rates and room rates and are projected to increase two percent.

In March 2016, the General Assembly voted to allow Arlington County to impose an additional transient occupancy tax of 0.25 percent to be designated and spent for the purpose of promoting tourism and business travel in the County. The County Board adopted this additional TOT in May 2016. The revenue from this increment of TOT is deposited into a separate Travel and Tourism Fund; thus, there is no General Fund impact. In the 2018 legislative session, there was a bill passed and signed by the Governor to extend the sunset for this increment of the tax to July 1, 2021.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Transient Occupancy Tax	$25,267,916	$25,450,000	$26,000,000	2%

MEALS TAX

(State Code Section §58.1-3833 & 3840 / County Code Section §65, et al)

The restaurant meals tax was enacted effective June 1, 1991. The tax of four percent is charged on most prepared foods offered for sale. The tax is in addition to the six percent sales tax. Meals taxes have been common in most Virginia cities and a number of Virginia counties for many years. Airline catering services are assessed at a rate of two percent. In FY 2019, meals tax is expected to increase four percent over FY 2018 adopted budget levels.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Meals Tax	$39,047,018	$39,900,000	$41,500,000	4%

OTHER LOCAL TAXES

The chart below lists other sources of local taxes.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Car Rental	$6,890,584	$6,500,000	$7,400,000	14%
Bank Stock	3,705,205	3,350,000	3,700,000	10%
Recordation	7,048,071	5,300,000	5,500,000	4%
Cigarette	2,384,534	2,250,000	2,350,000	4%
Utility	11,426,615	12,652,000	15,452,000	22%
Short-Term Rental	52,244	60,000	55,000	-8%
Wills & Adminstration	64,757	70,000	65,000	-7%
Consumption	768,786	800,000	800,000	-
Communication	7,114,814	7,100,000	6,800,000	-4%
Total	$39,455,610	$38,082,000	$42,122,000	11%

Car Rental Tax

(State Code Section §58.1-2402)

The local car rental tax is collected by the State and remitted to localities where the rental transaction occurred. Arlington local car rental tax is four percent, which is in addition to the State's tax. In 2005, the State General Assembly increased the State tax portion from four percent to six percent. The revenue increase from the additional two percent tax increase was dedicated to the Virginia Public Building Authority for the Statewide Agencies Radio System. For FY 2019, a 14 percent increase in total revenue is projected based on recent actual receipts including increases in car-sharing rentals.

Bank Stock Tax

(State Code Section §58.1-1208 - 1211 / County Code Section §28, et al)

The bank stock tax is a franchise tax on the net capital gains of banks and trust companies. The tax is assessed at a rate of $0.80 per $100 of capital. FY 2019 revenue levels are expected to increase ten percent based on recent actual receipts.

Recordation Tax

(State Code Section §58.1-3800 / County Code Section §27-1)

The local recordation tax is assessed at the rate of $0.0833 per $100 of value for all transactions including the recording of deeds, deeds of trust, mortgages, leases, contracts, and agreements admitted to record by the Circuit Court Clerk's Office. In Virginia, localities can charge up to one-third of the State rate. Recordation tax revenues fluctuate due to the volume of home sales and mortgage refinancing as a result of lower or higher interest rates and other real estate market conditions.

The State increased recordation tax from $0.10 to $0.25 per $100 effective September 1, 2004. With the State's legislation change, Arlington's locally imposed recordation tax increased $0.033 to $0.0833 per $100 of transaction value. FY 2019 recordation tax revenue is expected to be four percent higher than the FY 2018 adopted revenue.

Cigarette Tax

(State Code Section §58.1-3831 / County Code Section §39, et al)

The local cigarette tax on every pack of 20 cigarettes sold in Arlington County is $0.30. The State increased cigarette tax from $0.025 to $0.20 per pack effective September 1, 2004, and to $0.30 per pack effective July 1, 2005.

In July 2004, the Arlington County Board adopted an ordinance increasing the local cigarette tax commensurate with the State's rate. Beginning July 1, 2005 (FY 2006), the rate was increased to $0.30 per package of 20 cigarettes. FY 2019 revenues are anticipated to increase four percent based on recent actual receipts, which have increased in part due to increased enforcement.

Commercial and Residential Utility Tax

(State Code Section §58.1-3814 / County Code Section §63, et al)

Arlington charges a utility tax on commercial users of electricity and natural gas. This tax is based on kilowatt hours (kWh) for electricity and hundred cubic feet (CCF) for natural gas delivered monthly to commercial consumers. The state froze utility tax rates in 2002 to allow supply companies to convert locality taxation from a percentage of cost to a tax rate per unit of utility consumed. This cap was lifted in January 2004, allowing the County flexibility on this local tax revenue.

The current rates for commercial and industrial consumers of electricity is $0.00649/kWh and $0.06522/CCF for natural gas. The adopted budget includes an increase in those rates of five percent to $0.00681 /kWh for electricity and $0.06848/CCF for natural gas. Rates were last increased in FY 2006. At the adopted rates, the commercial utility tax is projected to generate $10.3 million in FY 2019.

A residential utility tax was imposed on consumers of electricity and natural gas in FY 2008. The County Board dedicated the revenue for environmental initiatives as part of the Arlington Initiative to Reduce Emissions (Fresh AIRE) campaign. The tax on residential consumers is capped at $3.00 per month for each utility. In addition, the first 400 kWh of electricity and the first 20 CCF of natural gas have been excluded from taxation.

The current tax rate for residential consumers for electricity is $0.005115/kWh and for natural gas is $0.045/CCF for natural gas; these rates were last increased in FY 2018. In the FY 2019 adopted budget, the exclusion of the first 400 kWh of electricity and the first 20 CCF of natural gas is eliminated and the rates increase to $0.0111 /kWh for electricity and $1.0380 /CCF for natural gas. At these new rates, the total revenue projected from the residential utility tax in FY 2019 is $5.2 million.

In line with the revenue sharing principles, 46.6 percent of the revenue generated from these rate increases will with shared with Arlington Public Schools (APS). The County's portion of the increased revenue is allocated to the Affordable Housing Investment Fund (AHIF).

Short-term Rental Tax

(State Code Section §58.1-3510 / County Code Section §64, et al)

A person is engaged in the short-term rental business if no less than 80 percent of the gross rental receipts of such business in any year arise from transactions involving rental periods between 31 and 92 consecutive days, including all extensions and renewals to the same person or a person affiliated with the lessee. The rate of the tax is one percent on the gross receipts of such business. Total revenues in FY 2019 are expected to decrease based on trends in recent actual receipts.

Wills and Administration Tax

(State Code Section §58.1-3805 / County Code Section §27-19)

This tax, which is collected by the Circuit Court Clerk's Office, is imposed on the probate of every will or grant of administration. The tax rate is $0.033 per $100 of estate value. Total revenues in FY 2019 are expected to decrease based on trends in recent actual receipts.

Consumption Tax

(State Code Section §58.1-2900 & 2904 / County Code Section §63, et al)

The deregulation of electric and gas utilities, enacted during the 1999 and 2000 General Assembly, eliminated the Business, Professional, and Occupational License (BPOL) tax on electric and natural gas companies and created a new tax charged to consumers based on usage. This consumption tax is collected by the utilities and remitted back to localities. Consumption tax revenue is projected to be flat in FY 2019.

Communications Tax

(State Code Section §58.1-651)

Effective January 1, 2007, the State adopted a communications sales tax that is imposed on customers of communication services at the rate of five percent of the sales price of the service. This tax was adopted as part of the 2006 House Bill 568 (Acts of Assembly 2006, Chapter 780) and replaces many of the prior State and local communications taxes and fees with a centrally-administered communications sales and use tax. Communications tax revenue is projected to decrease four percent in FY 2019.

REVENUE SHARING WITH ARLINGTON PUBLIC SCHOOLS (APS)

The County and Schools entered into a cooperative effort in FY 2001 to design a revenue sharing agreement as a way to fairly and appropriately apportion revenue for budget development purposes. Over the succeeding years, the structure and revenue sharing calculations were adjusted to reflect the changing economic and resource demands of both the County and Schools. Since FY 2002, various adjustments were made for enrollment, funding retiree healthcare (OPEB), maintenance capital, affordable housing, and other County and School priority initiatives.

From FY 2002 to FY 2012, the structure of the revenue sharing was modified for various reasons as noted above. By FY 2012, over $58 million was excluded from the local tax revenue calculation adding confusion and complexity to the annual calculation of revenue sharing. Beginning in FY 2013, the base calculation was reset to include all local tax revenue. Increasing the base amount led to an adjustment – not in total of funds shared – but in the percentage shared. The following illustrates the adjustment in FY 2013 to local tax revenues between the County and Schools.

	Prior to Adjustment	Revised Revenue Sharing %
FY 2013 Tax Revenue	$873 million	$873 million
Tax Revenue Exclusions	($58 million)	$0
Shared Tax Revenues	$815 million	$873 million
Revenue Share %	49.1%	45.8%
Revenue to Schools	$400 million	$400 million

The table below shows the percentage of local tax revenue that has been allocated to the County and the Schools since FY 2002, the first year that a revenue sharing agreement was in effect.

Fiscal Year	County's Share	School's Share
2002	52.2%	47.8%
2003	51.4%	48.6%
2004	51.4%	48.6%
2005	51.4%	48.6%
2006	51.9%	48.1%
2007	52.3%	47.7%
2008	52.2%	47.8%
2009	51.9%	48.1%
2010	50.9%	49.1%
2011	50.9%	49.1%
2012	53.9%	46.1%
2013	54.2%	45.8%
2014	54.4%	45.6%
2015	54.1%	45.9%
2016	53.5%	46.5%
2017	53.4%	46.6%
2018	53.4%	46.6%
2019	53.4%	46.6%

During 2014, the County Board and School Board worked collaboratively to structure revenue sharing principles that provide a framework for sharing local tax revenues in a predictable and flexible way.

In January 2015, both Boards adopted principles that emphasize the community priority of high quality education and utilizing community resources in a balanced and fiscally responsible way. The agreement outlines four main principles:

1) Revenue sharing provides a transparent, predictable, and flexible framework for developing the County and School budgets.
2) The planning for the next budget year will begin with the revenue sharing allocation adopted for the current fiscal year and that any critical needs identified by the Schools, including enrollment growth, will be considered as a top funding priority.
3) One-time funding (shortfalls or gains) will be shared between the County and Schools based on the current year's allocated tax revenue percentage. One-time funds from bond premiums will be allocated to either the County or Schools based on the bonds issued and will be used solely for capital projects.
4) Funds available from the close-out of the fiscal year will be used to contribute to the County's required operating reserve based on the revenue sharing percentage for that fiscal year and APS will also contribute to a limited joint infrastructure reserve fund to meet the infrastructure needs with school expansions and new school construction.

These principles will be the basis for budget development and will be a starting point for collaborative funding discussions as both entities begin to develop their proposed budgets for their respective board.

The FY 2019 adopted transfer is $500,830,023, a 2.2 percent increase over FY 2018. This is a combination of $497,604,901 in ongoing revenue and $3,225,122 in one-time funding. The revenue sharing percentage remains at 46.6% of ongoing local tax revenues.

LICENSES, PERMITS, AND FEES

Revenues in this category are levied to offset the cost of licensing certain trades, inspecting various types of construction, and providing other services.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Motor Vehicle License Fees	$5,001,539	$5,000,000	$5,000,000	-
Highway Permits	1,802,405	1,523,000	1,752,840	15%
Site Plan Fees	1,102,876	1,173,000	1,171,000	-
Right-of-Way Fees	1,471,442	1,200,000	1,200,000	-
Other	2,080,897	1,870,100	2,196,050	17%
Total	$11,459,159	$10,766,100	$11,319,890	5%

Motor Vehicle License Fees

The annual motor vehicle license fee increased $8 to $33 per vehicle in FY 2011. A portion of the funds generated from this incremental rate increase are dedicated to pedestrian and bike safety PAYG projects. Projected revenues for FY 2019 total $5.0 million, which is based upon recent actual receipts. Motor vehicle license fee revenue is expected to be flat in FY 2019 based on trends in actual receipts.

Highway Permits

Highway permits are charged to contractors and utilities for right-of-way on County streets when necessary for construction projects, underground utilities repairs, and other purposes. For FY 2019, this revenue stream is expected to be fifteen percent higher compared to FY 2018 adopted budget levels. Seven percent of the increase is based on estimates of expected development and construction, which increase the use of the public right-of-way, while eight percent is generated from the increase to the fee based on escalation since the fee was last changed in FY 2014.

Site Plan Fees

Site plan fee revenue is anticipated to be down slightly in FY 2019 based on recent actual receipts and anticipated projects.

Right-of-Way Fees

Revenues from right-of-way fees are based on the FY 2019 rate imposed by the State at $1.09/line/month. This fee covers the use of highway and street right-of-way by certificated providers of telecommunication services and is charged to the ultimate end user. For FY 2019, revenues are projected at $1.2 million based upon historical receipts. Note that FY 2017 actuals are high due to late payments from one company.

Other

Other license, permit, and fee revenue comes from rezoning permits, fire system fees, child care permits, and other miscellaneous use permits and fees. In FY 2019, "other" revenues are forecast to increase 17 percent, driven by increases in fire system testing fees to realign the fee to recover 100% of costs.

FINES, INTEREST, RENTS

These revenues include fines, interest, building rents, lease agreements, paid parking, rental, and sale of surplus properties.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Fines/Tickets	$7,059,740	$7,142,700	$7,603,024	6%
Interest	2,694,807	6,250,000	5,450,000	-13%
Courthouse Plaza Rent	3,196,185	3,000,000	3,000,000	-
Paid parking	1,031,644	1,200,160	1,165,840	-3%
Other Revenue	865,912	1,174,606	1,234,349	5%
Total	$14,848,288	$18,767,466	$18,453,213	-2%

Fines/Tickets

This category is comprised of traffic moving violations, parking tickets, photo red light fines, arrest fees, false alarm fines, and civil penalties. For FY 2019, this category is projected to increase six percent driven by an increase to parking meter violation fines from $35 to $40 per ticket.

Interest

Interest is earned on County General Fund and bond fund balances, which are invested on a short-term basis until needed to pay for County expenditures. Interest earned varies due to changing balances and interest rates.

Courthouse Plaza

The County receives payments from JBG Smith (formerly Vornado) for the land under 2100, 2110, and 2150 Clarendon Boulevard. The County shares in the net profit on the buildings' operations. FY 2019 revenues are expected to remain flat based on recent actual receipts.

Paid Parking

This revenue is generated by the monthly parking charges in various government buildings. FY 2019 revenue is projected to decrease three percent.

Other

Rentals, sales of surplus property, and lease agreements are included in this revenue category. The increase projected in FY 2019 is primarily a reflection of the Department of Parks and Recreation's community center rental income.

CHARGES FOR SERVICES

This category encompasses revenues received for a variety of County services. Service charges are structured so that the users of a particular service are the ones to pay for a majority of its costs, as opposed to using general tax dollars to fund services that benefit a small segment of the population. The chart below highlights the major sources of revenues.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Refuse/Recycling Fee	$10,217,857	$10,430,112	$10,496,512	1%
Parking Meters	9,063,713	9,160,057	12,910,000	41%
Recreation Fees	9,460,770	10,187,414	9,689,849	-5%
Ambulance Service Fees	3,566,548	4,000,000	4,000,000	-
Arlington Transit / Commuter Store	6,403,957	6,600,252	6,906,812	5%
Indirect Administrative Charges	4,933,742	4,338,162	4,450,515	3%
Mental Health Charges	2,151,931	2,403,259	2,335,281	-3%
Falls Church Reimbursement	3,846,127	4,274,432	4,282,820	-
Other	7,876,183	7,823,481	7,453,911	-5%
Total	$57,520,828	$59,217,169	$62,525,700	6%

Refuse/Recycling Fee

For FY 2019, the combined residential customer rate for refuse collection, disposal, and recycling is increasing 0.6 percent to $316.16 annually in order to realize revenues necessary to finance expenses related to the residential solid waste program and to continue repaying a loan from the Utilities Capital Projects Fund for the General Funds share of the cost of the new Utility Billing System.

The County’s policy for the refuse rate is recovery of 100 percent of disposal and collection costs, which includes refuse and recycling collection, landfill fees, leaf collection, cart management and administration, and associated overhead costs, which are partially offset by revenue from sale of recyclable materials.

Parking Meters

Parking meter revenue increases due to the adopted rate increase of $0.25 per hour and the extension of enforcement hours from 6 pm to 8 pm.

Recreation Fees

Recreation fees include charges for summer camp programs, senior adult programs, competitive swimming, recreation classes, membership in County fitness centers, use of the athletic fields, and many other services.

Ambulance Service Fees

Ambulance service fee revenue is expected to be flat in FY 2019.

Arlington Transit / Commuter Store

Arlington Transit / Commuter Store revenue includes ART bus fares and business contributions for transportation demand management (TDM) programs. FY 2019 revenues are projected to increase due primarily to the expansion of ART bus service.

Indirect Administrative Charges

Indirect administrative charges are reimbursements from the Utilities Fund, the CPHD Development Fund, and the Stormwater Fund for administrative functions (e.g. payroll, technology help desk, accounts payable) performed by County staff on behalf of the fund.

Mental Health Service Charges

The Department of Human Services provides counseling, case management, and psychiatric services to individuals needing mental health, substance abuse, and intellectual/developmental disability support services. Fees for services are paid by individuals receiving services or Medicaid, if applicable. In FY 2019, decreases to mental health service charges are due to changes in client insurance coverage.

City of Falls Church Reimbursement Revenue

Arlington County provides a number of services to residents of the City of Falls Church (the City), including fire, judicial, emergency communication services, and jailing of prisoners. Fire Station No. 6 is a joint-use facility, which is staffed by Arlington County firefighters but owned by the City. The County manages the facility maintenance and capital improvements at the station. The City reimburses the County for a portion of fire/EMS expenses and the capital expenses.

Under the terms of the County's judicial and public safety services agreement with the City, the City uses the County's alcohol safety program, Circuit Court, General District Court, Juvenile and Domestic Relations Court, Argus House, and community corrections. The County generally charges the City based on the City's proportionate use of these services. The County's Commonwealth Attorney also prosecutes cases on behalf of the City. Finally, the County answers all emergency 911 calls from the City. The County's Emergency Communications Center staff dispatches fire and ambulance crews for emergencies in the City. Emergency 911 calls necessitating police-related services are routed back to the City's police department.

In addition, the City of Falls Church utilizes the Arlington County detention facility to house prisoners and is charged a daily prisoner rate.

The table on the following page provides greater detail on revenue from Falls Church. Under the terms of the County's agreements with the City, the budgeted revenue from Falls Church is based on the upcoming fiscal year's budget with an adjustment—either upwards or downwards—to account for the differences between the City's share of the County's budgeted and actual costs from the most recently-ended fiscal year. This reconciliation process explains the substantial swings for some departments' budgeted revenue from one year to the next.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Circuit Court	$43,546	$44,368	$42,878	-3%
Clerk of the Circuit Court	141,351	126,487	139,534	10%
Community Corrections	12,268	13,487	15,593	16%
General District Court	10,375	9,818	9,255	-6%
Magistrate	1,153	2,168	2,125	-2%
Juvenile and Domestic Relations Court	195,466	408,566	308,190	-25%
Commonwealth's Attorney	142,180	185,270	172,434	-7%
Sheriff	572,295	554,693	596,375	8%
Fire	2,196,752	2,550,973	2,615,415	3%
Emergency Communications Center	520,634	366,853	369,029	1%
Department of Management and Finance	10,108	11,749	11,992	2%
Total	$3,846,128	$4,274,432	$4,282,820	-

Other

In the “Other” category, revenue decreases are driven primarily by lower E-911 revenues ($169,707), courthouse security fee revenue ($125,000), and fees from Treasurer’s Office collections ($99,000), partially offset by increases in Engineering Services fees ($40,800) and the establishment of a credit card convenience fee ($102,600).

REVENUE FROM THE COMMONWEALTH

Arlington receives funds from the Commonwealth of Virginia for a variety of State-mandated and supported functions and services. The County also receives a portion of some revenues collected by the State. The chart below highlights the total amount received from the Commonwealth of Virginia and details the sources that comprise the total.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Highway Aid	$18,339,530	$18,157,983	$19,311,822	6%
Law Enforcement Aid	6,347,640	6,347,640	6,538,069	3%
Health Reimbursement	3,316,349	3,288,551	3,312,705	1%
Social Services	3,725,612	4,707,764	4,220,379	-10%
Mental Health/ Intellectual Disability	11,143,210	9,752,560	10,566,632	8%
Sheriff / Detention	7,644,284	7,800,860	7,807,838	-
Prisoner Expense Reimbursement	1,196,261	1,100,000	1,250,000	14%
Commuter Assistance	6,042,888	5,762,235	5,762,235	-
Comprehensive Services Act	1,553,797	1,573,420	1,624,696	3%
Other	15,766,432	14,692,326	15,025,655	2%
Total	$75,076,003	$73,183,339	$75,420,031	3%

Highway Aid

The County receives Highway Aid as a result of Arlington's decision not to join the Commonwealth's secondary road system in 1932. The County assumed maintenance responsibilities for the secondary roads in Arlington and receives State highway aid for that function. These funds are derived primarily from the Commonwealth's collection of new car sales and gasoline taxes, and other vehicle-related fees and taxes. For the FY 2019 budget, highway aid is projected to increase six percent based on an increase in lane miles and changes in the Governor's proposed budget.

Law Enforcement Aid

Law Enforcement Aid is provided to the County to partially fund salaries of law enforcement officers and to provide funds for their training in order to comply with the Code of Virginia Section 9.1-165. Arlington receives a percentage of law enforcement aid ("HB599") funding each year based on population, crime rates, and social service rates. For the FY 2019 budget, the County is projecting law enforcement aid at $6.5 million with an increase based on funding in the Governor's proposed budget.

Health Reimbursement

These funds are primarily from the Virginia Department of Health and allow Arlington to operate as one of two locally administered public health clinics in the Commonwealth. The County works with the community and regional organizations to prepare for public health emergencies, to control and prevent the spread of infectious diseases in the community, and to prevent disease and promote optimum health for at-risk populations.

Social Services

Social service funds from the State are used to provide services to qualifying families, adults, and children. These funds help support a variety of services such as adoption, foster care, public assistance, and senior assistance. The state's formula for funding is based on variables including population, incident rates, and state program reviews.

Mental Health / Intellectual Disability

The Commonwealth provides funding to support community-based mental health and support services, which includes residential services, case and care management services, individual therapy, specialized psychological testing, and family support and education.

Sheriff / Detention Center

The Compensation Board of the Commonwealth provides annual support toward the total cost of operations of the Sheriff's Office and the Arlington County Detention Facility.

Prisoner Expense Reimbursement

The Commonwealth reimburses localities for a portion of the cost to house inmates in local correctional facilities. The County receives a per diem amount ($4/day for inmates held on misdemeanor convictions or felony sentences under one year; $12/day for inmates held for felony convictions exceeding a one-year sentence) for each inmate held.

Commuter Assistance

Commuter Assistance funding provided by the State is used to support local programs and efforts such as ridesharing and telecommuting programs, transit friendly site planning, on-site transit ticket sales, transportation demand management planning, and Clean Air Act compliance.

Comprehensive Services Act (CSA)

The Comprehensive Services Act for At-Risk Youth and Families (CSA) provides a pool of state funds to purchase services for at-risk youth and their families. The state funds, combined with local community funds, are managed by our Department of Human Services in collaboration with other County agencies to plan and oversee services to youth. CSA revenue increases due to increased reimbursement rates and more intensive services being provided to clients.

Other

The "Other" state revenue category includes transit aid, traffic signal reimbursements, the County's share of the grantor's tax, which is imposed on sellers of real property, and Compensation Board funding for support of elected officials who perform State-mandated and local functions, such as the Circuit Court Clerk, Commissioner of the Revenue, Treasurer, Sheriff, and Commonwealth's Attorney.

REVENUE FROM THE FEDERAL GOVERNMENT

The federal government provides funding for employment assistance, housing programs, drug enforcement, aid to the elderly, and other programs.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
WIA / JTPA	$809,659	$854,800	$707,338	-17%
HUD / HOME	1,032,346	733,251	-	-100%
Health & Human Service	364,627	-	-	-
Mental Health	1,774,045	1,618,986	1,616,399	-
Social Services	10,913,627	8,834,619	10,150,508	15%
Substance Abuse	779,793	758,541	761,541	-
Other	2,623,013	2,370,636	3,076,468	30%
Total	$18,297,110	$15,170,833	$16,312,254	8%

WIA / JTPA

The Workforce Investment Act (WIA)/Job Training Partnership Act (JTPA) funding is based on unemployment data, poverty levels, and the current year's allocation by the state.

HUD / HOME

U.S. Department of Housing and Urban Development HOME grants provide funding to localities for a wide range of activities that build, buy, or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. Beginning in FY 2019, HUD/HOME revenue is budgeted in Fund 206, the Community Development Fund.

Health & Human Services

The Department of Health & Human Services' Drug Free Communities Grant funds local drug-free community coalitions to increase collaboration among partners to prevent and reduce youth substance abuse. DHS's SAMHSA grant expired at the end of the first quarter of FY 2017.

Mental Health

Federal pass through revenue (i.e. federal grants to the state) from the Department of Mental Health, Mental Retardation, and Substance Abuse Services. Programs funded from the agency provide residential treatment for the seriously mentally ill, early intervention, and emergency response to mental health crises as well as the People Assisting the Homeless (PATH) Program.

Social Services

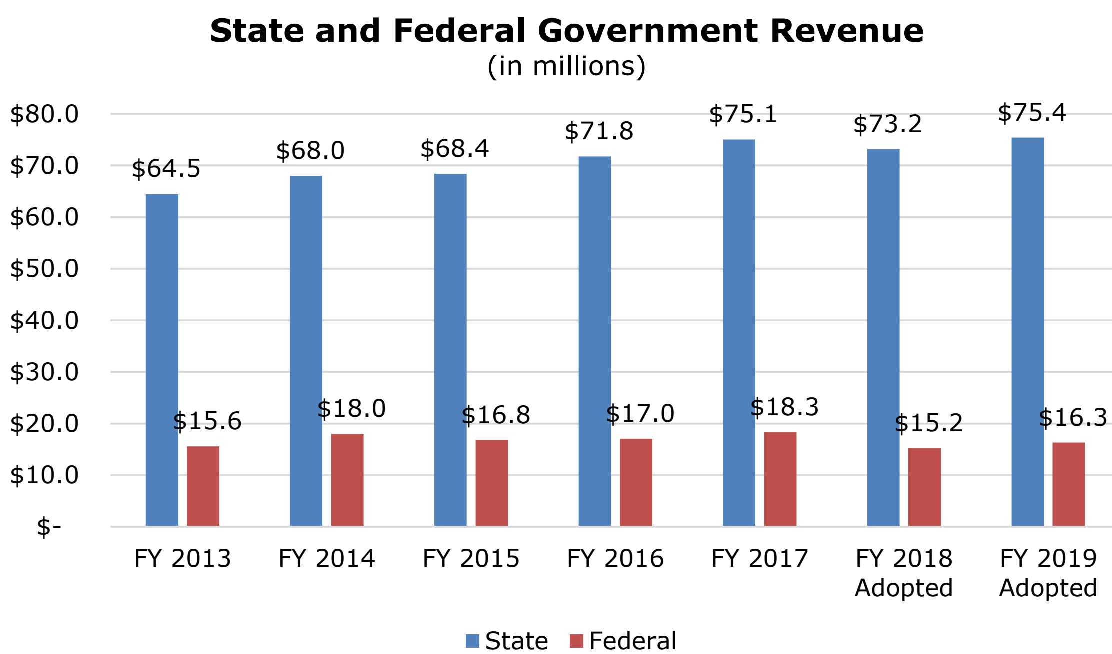
Social services revenue represents the largest single category of General Fund federal funds—accounting for approximately $10.2 million—and is passed through the State's budget to Arlington County. Since some of the federal social service programs are 100 percent reimbursable, revenue will change with changes in caseloads. The increase in FY 2019 of federal social service funding is due to increases in the allocations for federally-funded programs.

Substance Abuse

Federal substance abuse funds are used to prevent adverse social, legal, and medical conditions in individuals resulting from alcohol and drug dependency. Outpatient programs provide assessment, individual and group therapy, alcohol and drug education courses, relapse prevention services, psychological evaluations, urinalysis, and referral to community-based support groups. Residential programs provide individuals with initial assessments, referrals to appropriate programs, support during and after treatment, and connecting to other community resources. In FY 2019, substance abuse funding is flat.

Other

The remaining federal revenue includes grant funding through the Older Americans Act (OAA), emergency management grants, prisoner reimbursements, and other miscellaneous grant and reimbursement funding. The 30 percent increase in "other" federal funding is driven primarily by the inclusion of the Complex Coordinated Terrorist Attacks (CCTA) grant ($619,890) and expected increase in UASI funding ($145,290).



MISCELLANEOUS REVENUE

These include revenue sources that do not fall under any other category and include one-time or pass through funds. Included in these payments are revenue from the sale of land and buildings. The "Other" category includes revenue to the Department of Human Services for a lease agreement with Cherrydale Nursing Center, the Arlington Employment Center's One Stop Comprehensive Services Team, premiums from bond sales, and loan repayments from Signature Theater.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Sale of Land and Buildings	$1,221,919	$15,000	$15,000	-
Cable TV Administration	226,462	-	-	-
Affordable Housing Investment Fund	10,424,305	-	-	-
Gifts & Donations	3,584	5,000	5,000	-
Treasurer's Returned Checks	30,607	30,000	30,000	-
Other	1,473,349	1,226,950	1,727,396	41%
Total	$13,380,226	$1,276,950	$1,777,396	39%

TRANSFERS FROM OTHER FUNDS & PRIOR YEAR FUND BALANCE

Transfers to the General Fund include the Automotive Fund transfer to cover its share of insurance costs, funding for the administration of the business improvement districts (Rosslyn, Crystal City, and Ballston), and funding from various Trust and Agency accounts. Furthermore, there is a budgeted transfer of $2.4 million from the Industrial Development Authority (IDA) to the County from the collection of user fees in the Ballston skating facility to pay the debt on the taxable revenue bonds that the County issued in CY 2006.

Funds unspent (under-expenditures or increased revenues) from previous fiscal years have been used to support one-time expenses in subsequent year's budgets. The FY 2019 adopted budget includes $17,001,085 in carryover funds, funded by a combination of additional revenue and/or expense savings identified from the current and previous fiscal years.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Transfers	$4,095,004	$3,793,087	$5,201,813	37%
Prior Year Adjusted Balance	115,086,495	31,526,938	17,001,085	-46%
Total	$119,181,499	$35,320,025	$22,202,898	-37%

TOTAL GENERAL FUND REVENUES

Below is a summary of the revenue categories previously described as well as total revenues for the General Fund in Fiscal Years 2017, 2018 (adopted), and 2019 (adopted).

General Fund Revenues	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Real Estate Tax	$698,901,530	$715,037,910	$730,267,530	2%
Personal Property Tax	114,836,051	115,452,147	119,052,147	3%
BPOL Tax	63,837,926	63,088,073	65,620,000	4%
Local Sales Tax	41,197,357	42,000,000	43,260,000	3%
Recordation Tax	7,048,071	5,300,000	5,500,000	4%
Transient Occupancy Tax	25,267,916	25,450,000	26,000,000	2%
Cigarette Tax	2,384,534	2,250,000	2,350,000	4%
Meals Tax	39,047,018	39,900,000	41,500,000	4%
Utility Tax	11,426,615	12,652,000	15,452,000	22%
Communications Tax	7,114,814	7,100,000	6,800,000	-4%
Other Taxes	11,481,576	10,780,000	12,020,000	12%
Total Local Taxes	**1,022,543,408**	**1,039,010,130**	**1,067,821,677**	3%
Licenses, Permits & Fees	11,459,159	10,766,100	11,319,890	5%
Fines, Interest, Rents	14,848,288	18,767,466	18,453,213	-2%
Charges for Services	57,520,828	59,217,169	62,525,700	6%
Commonwealth	75,076,003	73,183,339	75,420,031	3%
Federal Government	18,297,110	15,170,833	16,312,254	8%
Miscellaneous Revenue	13,380,226	1,276,950	1,777,396	39%
Transfer	4,095,004	3,793,087	5,201,813	37%
Total Non-tax Revenue	**194,676,618**	**182,174,944**	**191,010,297**	5%
TOTAL (excluding prior year balance)	**1,217,220,026**	**1,221,185,074**	**1,258,831,974**	3%
Prior Year Adjusted Balance	115,086,495	31,526,938	17,001,085	-46%
Total (including Prior Year Balance)	**$1,332,306,521**	**$1,252,712,012**	**$1,275,833,059**	2%

BALLSTON QUARTER TAX INCREMENT FINANCING FUND (Fund 201)

In July 2016, the County Board approved the Ballston Quarter Community Development Authority (CDA), the first CDA to be created in Arlington. Creation of the CDA gives the County a financing mechanism to fund certain public infrastructure costs associated with the Ballston Quarter public-private redevelopment. To fund the bonds issued for public infrastructure improvements, the Ballston Quarter Development and Financing Agreement created the Ballston Quarter Tax Increment Financing (TIF) district, which dedicates funding in an amount up to 65% of the incremental real property, sales and use, and meals tax revenues generated within the TIF district boundaries with a base year of 2015. The baseline CY 2015 TIF values are: Real estate tax of $158,050,200; sales tax of $55,241,900; and meals of $14,366,400.

The FY 2019 adopted budget reflects the CY 2018 assessed values in the TIF district. Funds will be transferred to the trustee for the Ballston Quarter CDA to fund the project stabilization fund as part of the Ballston Quarter CDA Series 2016A and Series 2016 B bond issuance.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Real Estate Tax Total	$111,785	-	$537,700	-

TRAVEL AND TOURISM PROMOTION FUND (Fund 202)

Arlington County's enabling legislation to levy an additional Transient Occupancy Tax add-on (0.25%) to support this fund was reinstated by the Virginia General Assembly for the FY 2017 budget year with a sunset effective June 30, 2018. In the 2018 legislative session, there was a bill passed and signed by the Governor to extend this sunset to July 1, 2021. Funds are used to market and promote tourism in Arlington County.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted	% Change '18 to '19
Transient Occupancy Tax	1,262,988	$1,272,500	$1,300,000	2%
Transfer In	626,148	246,700	246,700	-
Total	$1,889,136	$1,519,200	$1,546,700	2%

BALLSTON SPECIAL ASSESSMENT DISTRICT FUND (Fund 203)

In December 2010, the Arlington County Board established a service district in the Ballston area. The purpose of the district is to provide supplemental services to those already provided by the County government. In CY 2011, an additional real estate tax levy on commercially zoned properties was approved to fund additional services and programs within the district's boundaries. A non-profit organization, representing owners and tenants of properties in the district, was established to manage the additional services and related activities in the district.

- The adopted budget is based on a CY 2018 real estate tax rate of $0.053 for each $100 of assessed value, reflecting a one-time increase compared to the $0.045 CY 2017 rate to offset the decrease in assessments. The additional tax revenue will be appropriated by the County Board during the FY 2018 close-out process.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Service District Revenue	$1,587,597	$1,539,333	$1,427,433	-7%

ROSSLYN SPECIAL ASSESSMENT DISTRICT FUND (Fund 204)

In December 2002, the Arlington County Board established a service district in the downtown Rosslyn area. The purpose of the district is to provide supplemental services to those already provided by the County government. Each year an additional real estate tax levy is approved to fund the additional services and programs within the district's boundaries. The Rosslyn Business Improvement Corporation, an organization whose board of directors and committee membership includes owners and tenants of properties in the district as well as County and neighborhood representatives, submits a work program and budget for the Arlington County Board's consideration.

- The CY 2018 real estate tax rate is $0.078 for each $100 of assessed value, no change from the CY 2017 rate.
- ↓ BID expenditures and revenues decrease by one percent due to lower assessments.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Service District Revenue	$3,517,098	$3,813,445	$3,772,348	-1%

CRYSTAL CITY SPECIAL ASSESSMENT DISTRICT FUND (Fund 205)

In April 2006, the Arlington County Board established a service district in the downtown Crystal City area. The purpose of the district is to provide supplemental services to those already provided by the County government. Each year an additional real estate tax levy is approved to fund the additional services and programs within the district's boundaries. The Crystal City Business Improvement Corporation, an organization whose board of directors and committee membership includes owners and tenants of properties in the district as well as County representatives, submits a work program and budget for Arlington County Board consideration.

- The CY 2018 real estate tax rate is $0.043 for each $100 of assessed value, no change from the CY 2017 tax rate.
- ↓ BID expenditures and revenues decrease by four percent due to lower assessments.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Service District Revenue	$2,538,970	$2,681,991	$2,585,894	-4%

COMMUNITY DEVELOPMENT FUND (Fund 206)

The Community Development Fund is used to address low- and moderate-income housing needs and other community projects. The Community Development Block Grant (CDBG) program was established as a separate special revenue fund in FY 1987 to comply with requirements of the federal Department of Housing and Urban Development (HUD). FY 2019 revenue reflects the transfer of federal HOME ($557,945) and CSBG budgets ($235,577) from the General Fund.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
CDBG	$3,539,293	$1,166,896	$1,198,566	3%
Federal Rental Rehab	82,497	54,189	793,522	1364%
Total	$3,621,790	$1,221,085	$1,992,088	63%

SECTION 8 HOUSING ASSISTANCE FUND (Fund 208)

This program provides vouchers for housing to eligible Arlington County residents. The federal funds are used for the administrative costs of the program as well as for the rental subsidy payments.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Housing Assistance	$17,045,826	$16,865,568	$17,324,191	3%
Administrative Fees	1,338,919	1,544,140	1,427,142	-8%
Interest	10,420	-	-	-
HOPWA Grant	68,265	64,361	101,708	58%
Shelter Plus Care	315,091	329,818	-	-100%
Miscellaneous	12,726	40,900	40,900	-
Total	$18,791,247	$18,844,787	$18,893,941	-

GENERAL CAPITAL PROJECTS FUND (Fund 313)

The General Capital Projects Fund accounts for the capital projects for general government functions, which are financed under the County's Pay-As-You-Go (PAYG) Capital Program. The program areas include local parks and recreation, transportation, community conservation, government facilities, technology, and regional contributions. In the FY 2019 budget, the County’s ongoing funding for PAYG capital projects is $5.3 million and one-time funding is $0.2 million.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Charges for Services	$36,382	-	-	-
Developer Contributions	654,468	-	-	-
Miscellaneous Revenue	5,394,418	-	-	-
Cable TV	1,591,933	-	-	-
State Grant - Misc.	996,056	-	-	-
Federal Revenue - Misc.	871,158	-	-	-
Bond Premium	17,846,867	-	-	-
Proceeds for Lease Purchase	9,530,658	-	-	-
Transfer In	20,213,499	$13,570,178	$5,544,983	-59%
Total	$57,135,439	$13,570,178	$5,544,983	-59%

STORMWATER FUND (Fund 321)

Under the Sanitary District Act of 1929 (Chapter 161, *Acts of Assembly*, as amended), local governments in Virginia are authorized to establish sanitary districts to fund a variety of infrastructure needs, including stormwater drainage. The County established its own sanitary district in 1930 that encompassed the entire jurisdiction.

As part of the FY 2009 budget process, in CY 2008 the County Board adopted a sanitary district tax of $0.01 per $100 of assessed value in order to fund stormwater management initiatives. For CY 2010, this tax was increased to $0.013 per $100.

This $0.013 tax is included in the semi-annual real estate bills and, when combined with the CY 2018 base real estate rate of $0.993, brings the total blended real estate rate to $1.006 per $100 of assessed real property value. The anticipated $10.7 million in FY 2019 revenue will help ensure the future sustainability of the County's aging stormwater infrastructure and compliance with federal and State stormwater management requirements.

- ↑ Permit fees increase due to an increase in Sediment and Erosion Control Plan Revenue and Chesapeake Bay Fee Revenue ($442,500). Of the total fee revenue increase, $292,500 will be generated from an adopted rate increase for erosion and sediment control and land disturbance fees.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Sanitary District Tax	$9,276,017	$9,609,660	$9,688,160	1%
Fines	7,982	-	-	-
Permit Fees	450,000	550,000	992,500	80%
Misc. State & Federal Grants	1,143,567	-	-	-
Total	$10,877,566	$10,159,660	$10,680,660	5%

TRANSPORTATION CAPITAL FUND (Funds 330 & 331)

In April 2007, the General Assembly passed HB 3202, which authorized northern Virginia localities to impose a tax of up to $0.25 per $100 of assessed real property on properties used or zoned for commercial or industrial purposes in order to fund transportation initiatives. As part of the FY 2009 budget deliberations, the County Board adopted a commercial real estate tax of $0.125 per $100, with revenue to be deposited in the new Transportation Capital Fund. In 2010, the General Assembly capped this tax rate at $0.125 per $100 of assessed real property value. For the FY 2019 budget, revenue for the transportation capital fund is projected at $37.2 million, with the tax rate remaining at $0.125 and commercial property assessments decreasing slightly.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Commercial Real Estate Tax	$25,031,364	$26,423,698	$25,176,953	-5%
Developer Contributions	3,084,202	-	-	-
NVTA Local Share	12,297,156	11,900,000	12,048,476	1%
NVTA Regional Share	1,329,694	-	-	-
State Aid	4,488,580	-	-	-
State Transportation Grants	128,886	-	-	-
Federal Transportation Grants	427,544	-	-	-
Miscellaneous	1,481,318	-	-	-
Total	$48,268,744	$38,323,698	$37,225,429	-3%

CRYSTAL CITY, POTOMAC YARD, AND PENTAGON CITY TAX INCREMENT FINANCING FUND (Fund 335)

In October 2010, the Arlington County Board established a tax increment financing area in support of the Crystal City Sector Plan and infrastructure that will benefit Potomac Yard and Pentagon City. Tax increment financing (TIF) is a mechanism used to support development and redevelopment by capturing the projected increase in property tax revenues in the area and investing those funds in improvements located in the designated area. Unlike a special district, it is not an additional or new tax. Rather, it redirects and segregates the increase in property tax revenues that would normally flow to the General Fund so that it can be used for a specified purpose. The amount of the tax increment revenue is determined by setting a baseline assessed value of all property in the area on January 1, 2011. In each subsequent year, the incremental increase in assessed values relative to the base year is determined and a portion of this incremental tax revenue is segregated and deposited to a separate fund.

The CY 2018 base real estate tax rate is $0.993 for each $100 of assessed property value. The FY 2019 budget adjusts the increment of the tax allocated to the TIF from 30 percent to 25 percent of the projected tax revenue generated from the incremental assessment growth between January 2011 and January 2018 in the Crystal City TIF area at the CY 2018 tax rate. This reduced increment will still provide the funding stream necessary to deliver the CIP commitments in the TIF area using a combination of TIF and other local and outside funding sources. Total assessed value in the Crystal City TIF district decreased 0.9 percent from CY 2017 to CY 2018.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Real Estate	$5,396,172	$6,304,880	$4,718,020	-25%
Developer Contributions	780,000	-	-	-
NVTA Regional Share	1,167,669	-	-	-
State Aid NVTC	3,612	-	-	-
Federal Grants	168,250	-	-	-
Total	$7,515,703	$6,304,880	$4,718,020	-25%

COLUMBIA PIKE TAX INCREMENT FINANCING FUND (FUND 336)

In December 2013, the Arlington County Board established a tax increment financing area in support of the Columbia Pike Neighborhoods Area Plan that will benefit affordable housing initiatives and other public services and improvements. Tax increment financing (TIF) is a mechanism used to support development and redevelopment by capturing the projected increase in property tax revenues in the area and investing those funds in improvements located in the designated area. Unlike a special district, it is not an additional or new tax. Rather, it redirects and segregates the increase in property tax revenues that would normally flow to the General Fund so that it can be used for a specified purpose. The amount of the tax increment revenue is determined by setting a baseline assessed value of all property in a County Board determined calendar. In each subsequent year, the incremental increase in assessed values relative to the base year is determined and a portion of this incremental tax revenue is segregated and deposited to a separate fund. The County Board has allocated 25 percent of the incremental tax revenue above the base year be deposited into the Columbia Pike TIF Fund.

In FY 2018, the County Board revised the baseline calendar year from CY 2014 to CY 2018. In FY 2019, funding for the district is $0.2 million.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Real Estate Tax Total	$601,844	-	$150,730	-

UTILITIES FUND (Fund 503)

The revenues for this self-supporting enterprise fund are derived from water/sewer service charges, water service connection fees, sewage treatment service charges, interest earnings, and other fees for service.

Water/sewer service charges are the largest source of revenue for the Utilities Fund and are derived from quarterly utility bills paid by residents and monthly or quarterly bills paid by commercial establishments. The water/sewer rate remains at $13.62 per thousand gallons for FY 2019. This corresponds to an estimated annual residential cost of $817, assuming 60,000 gallons of water consumption.

Water service connection fees are paid by new users to connect to the water system. The fee amount is based on the size of the pipe being connected into the water system. Sewage treatment charges are revenues received for operations and maintenance cost reimbursements from neighboring jurisdictions (Falls Church, Alexandria, and Fairfax County) and federal government installations and other entities, including the Pentagon and Reagan National Airport, which use the County sewage system but receive drinking water from other sources.

In the FY 2019 adopted budget, Utilities Fund revenues are projected to total $101.4 million.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Interest	$106,547	$50,000	$75,000	50%
Hazardous Household Material Fee	10,660	10,000	10,000	-
Utility Marking Fee	224,217	195,000	195,000	-
Water Sewer Service	97,263,095	96,134,571	96,134,571	-
Water Service Connection Fees	1,249,315	1,265,000	1,265,000	-
Sewage Treatment	3,182,544	3,930,200	3,476,053	-12%
Flow Test Fees	20,100	14,500	14,500	-
Miscellaneous Revenue	262,109	240,140	245,635	2%
Total	$102,318,587	$101,839,411	$101,415,759	-

UTILITIES CAPITAL PROJECTS FUND (Fund 519)

The Utilities Capital Projects Fund accounts for capital projects for the sanitary sewer collection system, water distribution system, and wastewater treatment plant. The projects are funded through interest earnings from fund balance, infrastructure availability fees paid by developers for capital costs necessary to upgrade the water distribution and sewage collection systems, and transfers from the Utilities Operating Fund. Sewage treatment charges are revenues received from neighboring jurisdictions (Falls Church, Alexandria, and Fairfax County) for reimbursement of a portion of the maintenance capital costs at the Water Pollution Control Plant.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Interest	$204,007	$100,000	$100,000	-
Water / Sewer Hook-up	4,822,363	5,000,000	5,000,000	-
Sewage Treatment Charges	464,789	555,900	655,000	18%
Miscellaneous	68,745	-	-	-
Transfer In	14,310,500	13,770,840	14,224,500	3%
Total	$19,870,404	$19,426,740	$19,979,500	3%

BALLSTON GARAGE (Funds 540 & 548)

Revenues received from the Ballston Garage Fund are used to offset costs of operating the garage. Interest accrues from earnings on the fund balance. Parking revenues are payments by the users of the public parking facility, which are collected by the County's contract operator. In FY 2007, the eighth level of the parking garage was completed in part to support the Kettler Capitals Iceplex. Revenue from the operation of the lower seven levels of the parking garage is posted to a separate fund from revenue from the operation of eighth floor. However, for the purposes of the table below, the revenues from the two funds are combined.

In May 2012, the County raised parking rates at the garage in order to make capital improvements and to pay down principal on the outstanding bonds. The approved pay structure keeps the $1 rate for the first three hours of parking and increases the graduated hourly rates over three hours anywhere from $0.50 to $1.00. The graduated hourly rate also applies on the weekends. The five-day monthly rate is $105 and the maximum daily rate is $10.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Interest	$25,231	$12,000	$12,000	-
Parking Revenue	3,531,363	3,485,371	4,802,400	38%
Miscellaneous	8,970	-	-	-
Total	$3,565,564	$3,497,371	$4,814,400	38%

CPHD DEVELOPMENT FUND (Fund 570)

In September 2007, the County Board established the self-supporting CPHD Development Fund to provide a dedicated funding source for all building, trade, zoning and other development-related fee services. Beginning on July 1, 2008, revenue from a variety of fees that had previously gone to the General Fund began posting to this new fund, including building, electrical, plumbing, occupancy, and elevator certificate permits. In FY 2019, all Development Fund fees are increasing by 2.5 percent. Additionally, a 5 percent increase to the Automation Enhancement Surcharge for building, electrical, plumbing, gas, elevator, and fire protection systems and for zoning permits is being considered upon the successful implementation of the first phase of a two-phased implementation of the One-Stop Arlington online permitting system during FY 2019.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Building Permits	$8,837,919	$8,541,000	$8,933,920	5%
Electrical Permits	2,079,902	1,811,151	1,894,471	5%
Plumbing Permits	1,382,552	1,325,000	1,385,955	5%
Mechanical Permits	770,390	750,000	784,503	5%
Occupancy Permits	760,549	635,000	666,372	5%
Elevator Certificate Fees	1,106,671	850,000	889,103	5%
Plan Review - Walk Throughs	808,290	738,000	774,461	5%
Other Revenue	267,383	188,797	198,118	5%
Total	$16,013,656	$14,838,948	$15,526,903	5%

AUTOMOTIVE EQUIPMENT FUND (Fund 609)

The Automotive Equipment Division of the Department of Environmental Services operates as an internal service fund and supports the County's automotive fleet.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Sales of Surplus Equipment	$575,264	$250,000	$300,000	20%
Falls Church Reimbursement	231,324	-	-	-
Services from Other Agencies	19,673,398	17,146,417	16,753,954	-2%
Miscellaneous Revenue	585,796	451,000	581,000	29%
Transfer In	100,500	185,835	-	-100%
Total	$21,166,282	$18,033,252	$17,634,954	-2%

PRINTING FUND (Fund 611)

Revenues in this internal service fund are received from outside agencies and the Arlington County Public Schools for printing and photocopying services, as well as a General Fund transfer for non-billable services.

	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted	% Change '18 to '19
Services to Agencies	$2,815,381	$2,237,588	$2,305,000	3%
Transfer In	241,769	249,600	242,337	-3%
Total	$3,057,150	$2,487,188	$2,547,337	2%

RESIDENTIAL TAXATION AND FEE TRENDS

During each budget cycle, tax and fee rate changes are reviewed in light of the costs of providing services to County residents. The following section is a brief analysis of the residential tax burden in Arlington County and other area jurisdictions. Arlington's tax rates continue to be very competitive with other Washington metropolitan area jurisdictions.

Real Estate Tax

At the current tax rate of $1.006 per $100 of assessed value, which includes the base rate of $0.993 plus the $0.013 sanitary district tax rate for stormwater management, the real estate tax bill for the average residential home will increase $238, or 3.8 percent, in calendar year 2018. The average assessment for a single-family home increased 3.8 percent, from $617,200 in CY 2017 to $640,900 in CY 2018.

REAL ESTATE TAX PAYMENT
Average Single Family Home

Calendar Year	Average Assessed Value	Tax Rate*	Tax Payment	Tax Payment Increase
2009	$520,100	$0.875	$4,551	$50
2010	$503,200	$0.958	$4,821	$270
2011	$510,200	$0.958	$4,888	$67
2012	$519,400	$0.971	$5,043	$155
2013	$524,700	$1.006	$5,278	$235
2014	$552,700	$0.996	$5,505	$227
2015	$587,100	$0.996	$5,848	$343
2016	$603,500	$0.991	$5,981	$133
2017	$617,200	$1.006	$6,209	$228
2018 Adopted	**$640,900**	**$1.006**	**$6,447**	**$238**

*In CY 2009, the tax rate includes the $0.01 sanitary district tax dedicated for stormwater management. In CY 2010, this tax rate was increased to $0.013.

Personal Property Tax

For residents, vehicles are generally the item for which the personal property tax is paid. In CY 2006, the personal property tax rate was increased from $4.40 per $100 of assessed valuation to $5.00. The valuation method uses the average loan value, which is approximately ten percent lower than the trade-in value, and results in an effective personal property tax rate of $4.50. The following chart illustrates the average assessed value of motor vehicles in the County over the past decade.

PERSONAL PROPERTY TAX BILL FOR TYPICAL HOUSEHOLD*
(Assumes 2.0 Cars Per Household)

Calendar Year	Average Assessed Value per Car	Tax Rate	Tax Payment For 2 Cars
2009	$7,218	$5.00	$722
2010	$7,264	$5.00	$726
2011	$7,409	$5.00	$741
2012	$8,421	$5.00	$842
2013	$8,842	$5.00	$884
2014	$9,284	$5.00	$928
2015	$9,399	$5.00	$940
2016	$9,493	$5.00	$949
2017	$9,682	$5.00	$968
2018 Adopted	**$10,235**	**$5.00**	**$1,024**

*Does not reflect the State's fixed block grant distribution, which reduces the amount each household pays.

Refuse Collection and Disposal Fees

The annual residential charge for refuse and recycling increases from $314.16 to $316.16. This rate achieves the County's objective of 100 percent recovery of household refuse collection, disposal and recycling costs, leaf collection costs and overtime costs associated with brush and metal collection.

Fiscal Year	Refuse/ Recycling Fee
2010	$325.68
2011	$344.24
2012	$325.72
2013	$293.92
2014	$293.76
2015*	$271.04
2016	$271.04
2017	$307.28
2018	$314.16
2019 Adopted	**$316.16**

*Reflects revised rate adopted in July 2014.

Water/Sewer Service Fees

As costs for water and sanitary sewer projects have risen, additional funding is required to sustain the self-supporting Utilities Fund. The FY 2019 water/sewer rate is flat at $13.62 per thousand gallons.

Fiscal Year	Water/Sewer Service Rate*	Average Annual Residential Cost
2010	$11.20	$672.00
2011	$11.74	$704.40
2012	$12.19	$731.40
2013	$12.61	$756.60
2014	$12.61	$756.60
2015	$13.04	$782.40
2016	$13.27	$796.20
2017	$13.27	$796.20
2018	$13.62	$817.20
2019 Adopted	**$13.62**	**$817.20**

*Per thousand gallons; average usage equals 60,000 gallons per year.

Major Residential Taxes and Fees

The following chart summarizes the major residential taxes and fees for Arlington County for the average household. The chart uses the adopted tax and fee rates for CY 2015 through CY 2018. Due primarily to the real estate assessment increase, the average tax and fee burden on County households is expected to increase 4 percent over CY 2017.

	CY 2015	CY 2016	CY 2017	CY 2018	% Change '17 to '18
Real Estate Tax (includes sanitary district tax)	$5,848	$5,981	$6,209	$6,447	4%
Personal Property*	908	950	968	1,024	6%
Annual Decal Fee*	66	66	66	66	-
Refuse Fee**	271	307	314	316	1%
Water / Sewer Service**	796	796	817	817	-
Residential Utility Tax**	72	72	72	72	-
Total	$7,961	$8,172	$8,446	$8,742	4%

* Assumes two conventional vehicles per household, the approximate average number of vehicles owned per Arlington household. The personal property tax figures do not reflect the PPTRA subsidy for personal property tax relief. For CY 2018, it is projected that 28% of vehicle value between $3,000 and $20,000 will be exempt from taxation; values below $3,000 are 100% exempt.

** Reflects the next fiscal year. Water/sewer rate reflects 60 thousand gallons of water consumption. Residential utility tax assumptions are based on the ceiling tax rates.

The following chart compares the estimated major residential taxes and fees for the Northern Virginia jurisdictions for the average household using Calendar Year 2018 rates and assessments.

Calendar Year 2018 Regional Comparison
Estimated Annual Local Taxes and Fees Per Average Household

	Arlington County	City of Alexandria	Fairfax County	City of Falls Church	City of Fairfax	Prince William County	Loudoun County
Average Residential Assessment	$640,900	$547,626	$547,219	$676,900	$504,197	$357,448	$473,600
Estimated Taxes							
Real Estate [1]	$6,447	$6,188	$6,476	$9,172	$5,344	$4,316	$5,139
Personal Property [2]	1,024	1,024	936	1,024	846	758	860
Residential Consumer Utility [3]	72	72	96	120	54	72	65
Subtotal	$7,543	$7,284	$7,508	$10,316	$6,244	$5,146	$6,064
Estimated Fees							
Water/Sewer [4]	$817	$919	$775	$841	$692	$775	$702
Solid-Waste/Recycling [5]	316	373	350	n/a	n/a	416	346
Decal Fee[2]	66	66	66	66	66	48	50
TOTAL	**$8,742**	**$8,642**	**$8,699**	**$11,223**	**$7,002**	**$6,386**	**$7,162**
Amount more (less) than Arlington		($100)	($43)	$2,481	($1,740)	($2,356)	($1,580)
Percent more or less than Arlington		-1.1%	-0.5%	28.4%	-19.9%	-27.0%	-18.1%

1 Represents the estimate real estate tax bill based on each locality's average single family home value and the adopted tax rate(s). Rates include the base real estate tax rate plus jurisdiction wide add-on rates for stormwater, pest control, fire and rescue services, etc. as appropriate for each jurisdiction. See table on next page.

2 Estimate based upon 2.0 cars per household, and assumes the same average vehicle value of $10,235. However, given that Arlington and Loudoun uses a lower assessment, the actual average car value for the other jurisdictions may be higher. Taxes do not reflect the State's fixed block grant to localities for vehicle tax relief and the adopted method of distribution.

3 Average household utility tax bills are based on the ceiling tax rate.

4 Assumes average single family residence uses 60,000 gallons of water per year. Estimates are based on adopted FY 2019 rates.

5 Residents in Falls Church and Fairfax City pay for the solid-waste/recycling fee as part of their real estate taxes. Loudoun & Prince William Counties do not offer this service. Instead, residents pay private haulers, such as BFI, directly. Most Fairfax County residents also pay a private hauler, but County collection is available in designated areas. For Loudoun and Prince William County, the amounts shown represent the average fees charged in Arlington, Alexandria and Fairfax County. For Prince William County, a $70 annual solid waste fee is charged to single-family homeowners.