

Background

Mission and Organization:

The Tax Administration Program is a division of the Finance Department and is responsible for the assessment of personal property and business license taxes; billing all personal property, real estate, and business license tax items; processing collections, collecting delinquent taxes, and answering citizen tax questions.

Key Goals:

	FY 2007
	<u>Target</u>
◆ Business License and Personal Property Tax Items Processed	470,000
◆ Delinquency Notices Sent	75,000
◆ Dollar Amount of Audit/Discovery Billing	\$1,000,000

Resources

FY 2007 Adopted Budget:	\$4,556,302
FY 2007 Authorized Staffing:	58.80

**SUMMARY OF SERVICE EFFORTS AND ACCOMPLISHMENTS
FISCAL YEARS 2001 TO 2006**

Spending	Efficiency	Results
<ul style="list-style-type: none"> ◆ Spending per capita, adjusted for inflation, decreased 8.6 percent over the six year period. (page 357) ◆ Prince William spent less per capita on Tax Administration activities than the comparison jurisdictions for those years in which the comparison jurisdictions provided data. (page 358) ◆ The number of authorized employees per thousand residents decreased 3.5 percent between FY 2001 and FY 2006 and remains lower than other jurisdictions. (page 359) 	<ul style="list-style-type: none"> ◆ The number of items processed per Tax Administration authorized position increased 37.7 percent during the six year period and continues to be higher than comparison jurisdictions. (page 361) ◆ Prince William's average spending per item processed has steadily declined since FY 2001. (page 368) 	<ul style="list-style-type: none"> ◆ In 2006 87% of citizens calling with tax questions were were satisfied with the timeliness of the response and 87.4% were satisfied with the helpfulness of the response to tax questions. (page 363)

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Communities Surveyed:

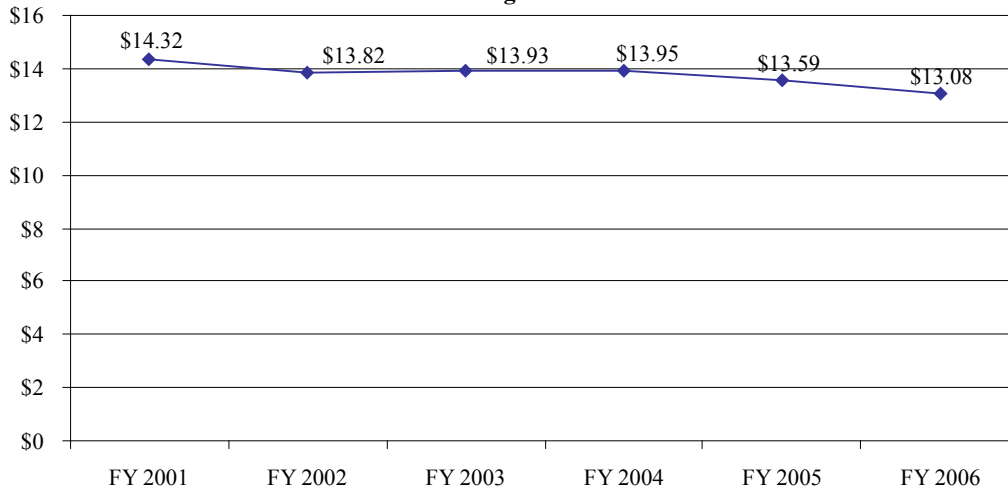
Surveys were sent to Chesterfield, Fairfax, Henrico, and Loudoun. Henrico County and Chesterfield's Treasurer responded to the survey. Chesterfield's Commissioner of Revenue, Fairfax County, and Loudoun County were unable to respond to the survey however, where available, information was obtained from each County's fiscal plans.



Spending Per Capita Adjusted for Inflation

Purpose: To provide an indicator of the relative level of effort the community expends on Tax Administration services. This is not an efficiency measure since it does not consider the outcomes generated for the level of spending. Total Tax Administration operating expenditures are divided by the total service area population. The figures are adjusted for inflation to maintain comparability between years. The current budget year, Fiscal Year 2007, is used as the base year for inflation adjustments.

**Spending Per Capita, Adjusted for Inflation
Fiscal Year 2001 through Fiscal Year 2006**



	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Population	294,798	309,351	321,570	336,820	354,383	371,178
Actual Expenditures	\$3,523,494	\$3,667,404	\$3,921,376	\$4,230,490	\$4,467,203	\$4,725,074
Expenditures Adj. for Inflation	\$4,220,413	\$4,274,808	\$4,478,624	\$4,699,742	\$4,814,816	\$4,855,601

Note: Population figures for internal trend data were obtained from the PWC Standard Data Set.

Trend:

- ◆ Between FY 2001 and FY 2006 spending per capita decreased 8.6 percent.

Fiscal Year 2007 Adopted:

- ◆ The FY 2007 budgeted spending per capita, adjusted for inflation, is 1 percent lower than the FY 2006 adopted budget, adjusted for inflation.

Comments:

- ◆ Actual expenditures, adjusted for inflation, increased 15 percent between FY 2001 and FY 2006 while the population increased 26 percent during the period.

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 **Spending per Capita**

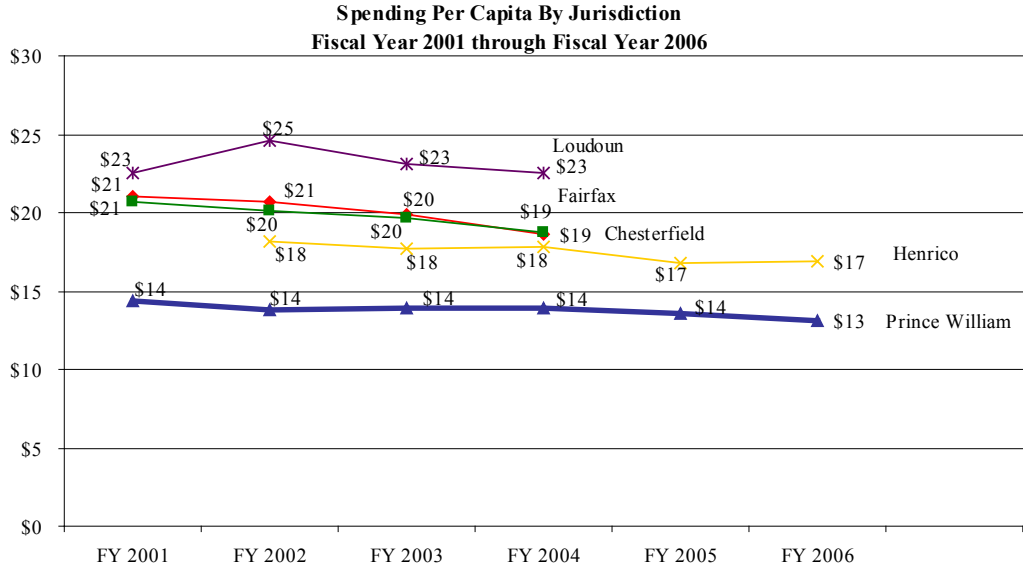
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- Notes:
1. Henrico was unable to provide spending data for FY 2001.
 2. Fairfax, Chesterfield, and Loudoun were unable to provide spending data for FY 2005 and FY 2006.
 3. Population figures for comparative data were provided by the Weldon Cooper Center for Public Service, University of Virginia.

Fiscal Year 2006

	Prince William	Chesterfield	Fairfax	Henrico	Loudoun
Population	369,550	291,975	1,030,000	287,275	267,750
Actual Expenditures	\$4,725,074	Not available	Not available	\$4,709,466	Not available
Expenditures Adj. For Inflation	\$4,855,601	Not available	Not available	\$4,839,562	Not available

Compared to Other Jurisdictions:

- ◆ Prince William spent less per capita than the comparison jurisdictions for those years in which the comparison jurisdictions provided data. Fairfax, Chesterfield, and Loudoun were not able to provide spending data for FY 2005 and FY 2006.

Comments:

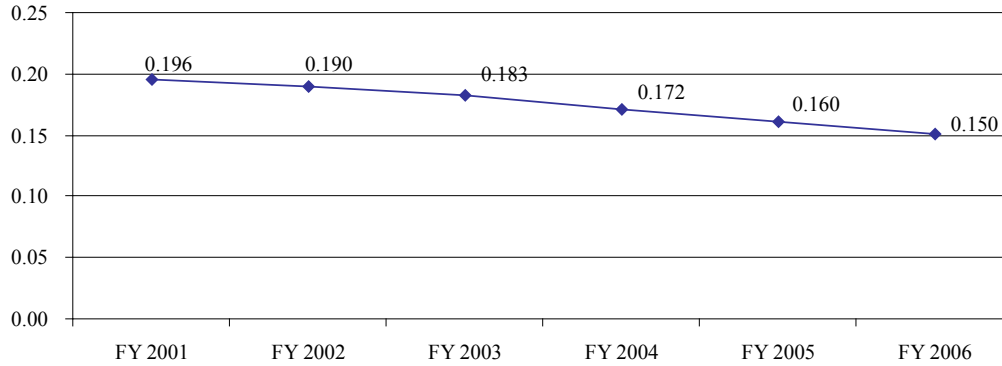
- ◆ Spending on Tax Administration services is closely related to the number of business license, personal property, and real estate tax items that must be processed. Pages 361 and 368 provide information on the items processed and spending per item processed.
- ◆ Both Chesterfield and Loudoun have two offices run by elected officials (Commissioner of the Revenue and Treasurer) that combined perform Tax Administration duties. In the other jurisdictions one office is responsible for these duties.



Authorized Employees Per Thousand Residents

Purpose: This measure provides an indicator of the relative level of Tax Administration staffing provided per thousand residents between years and between jurisdictions. This is a service effort, not an efficiency measure. All permanent and permanent part-time employees are included. Permanent part-time employees are reported as full time equivalents. Temporary and contractual employees are not counted.

Authorized Employees Per Thousand Residents
Fiscal Year 2001 through Fiscal Year 2006



Note: Population figures for internal trend data were obtained from the PWC Standard Data Set.

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Authorized Employees	57.8	58.8	58.8	57.8	56.8	55.8
Population	294,798	309,351	321,570	336,820	354,383	371,178

Trend:

- ◆ The number of authorized employees per thousand residents decreased by 3.5 percent during the six-year period, as a result of the population growth.

Fiscal Year 2007 Adopted:

- ◆ The FY 2007 fiscal plan provides funding for 3 additional FTEs to support workload increases and respond to FY 2006 changes in the personal property tax relief program.

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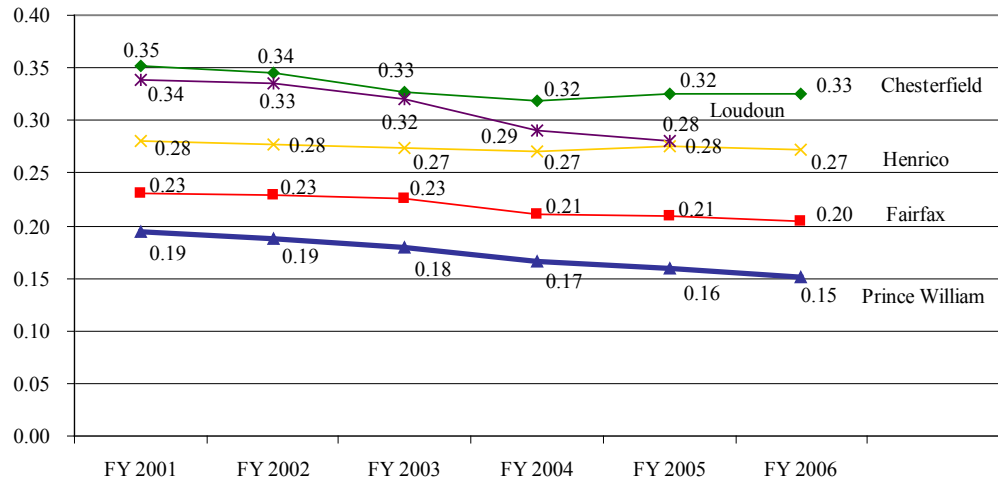
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Authorized Employees Per Thousand Residents By Jurisdiction
Fiscal Year 2001 through Fiscal Year 2006



Notes: 1. Loudoun was not able to provide data for FY 2006.
2. Population figures for comparative data were provided by the Weldon Cooper Center for Public Service, University of Virginia.

Fiscal Year 2006

	Prince William	Chesterfield	Fairfax	Henrico	Loudoun
Authorized Employees	55.8	95.0	211.0	78.0	n/a
Population	369,550	291,975	1,030,000	287,275	267,750

Compared to Other Jurisdictions:

◆ Prince William had the lowest number of authorized employees per thousand residents during the six year period.

Comments:

◆ Prince William had the second highest population growth (23.9 percent) between FY 2001 and FY 2006, while the number of authorized employees decreased by 3.5 percent.

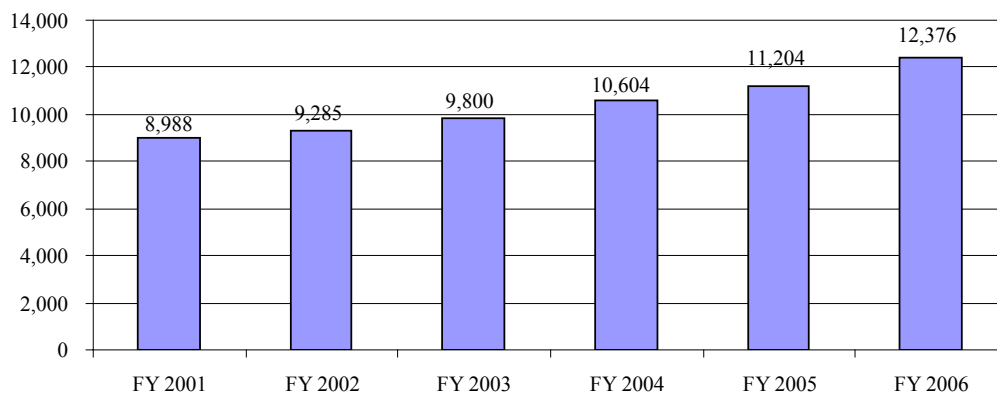
	Fairfax		Chesterfield		Henrico		Loudoun		Prince William	
	Population	Authorized Emps.	Population	Authorized Emps.	Population	Authorized Emps.	Population	Authorized Emps.	Population	Authorized Emps.
FY 2001	990,500	229.0	264,600	93.0	270,600	75.0	190,500	64.6	298,300	57.8
FY 2002	1,000,400	229.0	269,800	93.0	270,600	75.0	208,900	69.9	313,700	58.8
FY 2003	1,003,200	227.0	275,400	90.0	274,500	75.0	224,500	71.8	329,000	58.8
FY 2004	1,010,000	213.0	282,400	90.0	280,300	76.0	244,000	70.8	346,900	57.8
FY 2005	1,022,100	213.0	286,500	93.0	283,300	78.0	252,300	70.9	355,300	56.8
FY 2006	1,030,000	211.0	291,975	95.0	287,275	78.0	267,750	n/a	369,550	55.8
% Change FY 2001-2005	3.2%	-7.0%	8.3%	0.0%	4.7%	4.0%	32.4%	9.7%	19.1%	-1.7%
% Change FY 2001-2006	4.0%	-7.9%	10.3%	2.2%	6.2%	4.0%	40.6%	n/a	23.9%	-3.5%



Items Processed Per Tax Administration Authorized Position

Purpose: To provide a general indicator of Tax Administration’s workload. The measure is computed by dividing the total number of business license, personal property, and real estate tax items by the total number of authorized positions. Tax Administration performs other duties such as following up on delinquent taxes, however, the processing of business and personal property tax items and real estate tax bills is Tax Administration’s major area of work and as such provides a good general indicator of changes in workload.

**Items Processed Per Tax Administration Authorized Position
Fiscal Year 2001 through Fiscal Year 2006**



	Authorized Employees	Total Items Processed	Number of Vehicles Assessed	Number of Business Licenses Issued	Number of Business Personal Property Tax Returns	Number of Real Estate Tax Bills
FY 2001	57.8	519,516	308,336	7,886	6,370	196,924
FY 2002	58.8	545,972	327,955	7,822	6,778	203,417
FY 2003	58.8	576,253	349,069	8,383	7,147	211,654
FY 2004	57.8	612,896	373,151	9,877	6,902	222,966
FY 2005	56.8	636,397	381,369	11,108	8,303	235,617
FY 2006	55.8	690,580	418,985	12,487	8,294	250,814
% Change:	-3.5%	32.9%	35.9%	58.3%	30.2%	27.4%

Trend:

- ◆ The number of items processed per Tax Administration employee increased 37.7 percent between FY 2001 and FY 2006, going from 8,988 to 12,376, while the number of authorized employees decreased by 3.5 percent. The total items processed by Tax Administration increased by 32.9 percent.
- ◆ The largest percentage growth in the type of item processed over the six year period was the number of business licenses issued (58.3 percent), followed by the number of vehicles assessed (35.9 percent), the number of business personal property tax returns processed (30.2 percent), and the number of real estate tax bills processed (27.4 percent).

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Business License, Personal Property, and Real Estate Items Processed Per Authorized Position

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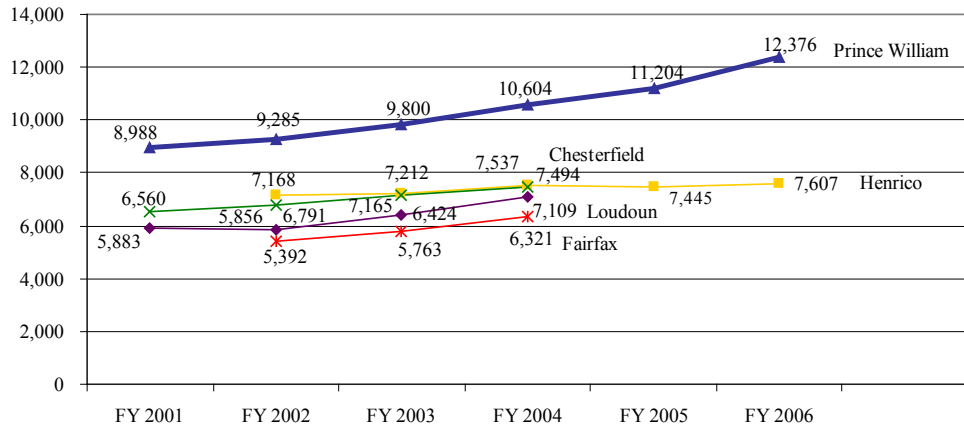
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Items Processed Per Tax Administration Authorized Employee By Jurisdiction
Fiscal Year 2001 through Fiscal Year 2006



- Notes:
1. Henrico and Fairfax were not able to provide data for FY 2001.
 2. Chesterfield, Loudoun, and Fairfax were not able to provide data for FY 2005 and FY 2006.

Fiscal Year 2006

	Authorized Employees	Total Items Processed	Number of Vehicles Assessed	Number of Business Licenses Issued	Number of Business Personal Property Tax Returns	Number of Real Estate Tax Bills
Henrico	78.0	593,366	349,000	19,910	20,959	203,497
Prince William	55.8	690,580	418,985	12,487	8,294	250,814

Compared to Other Jurisdictions:

- ◆ Prince William processed more items per authorized Tax Administration employee than other jurisdictions between FY 2002 and FY 2004 and more than Henrico in FY 2005 and FY 2006.

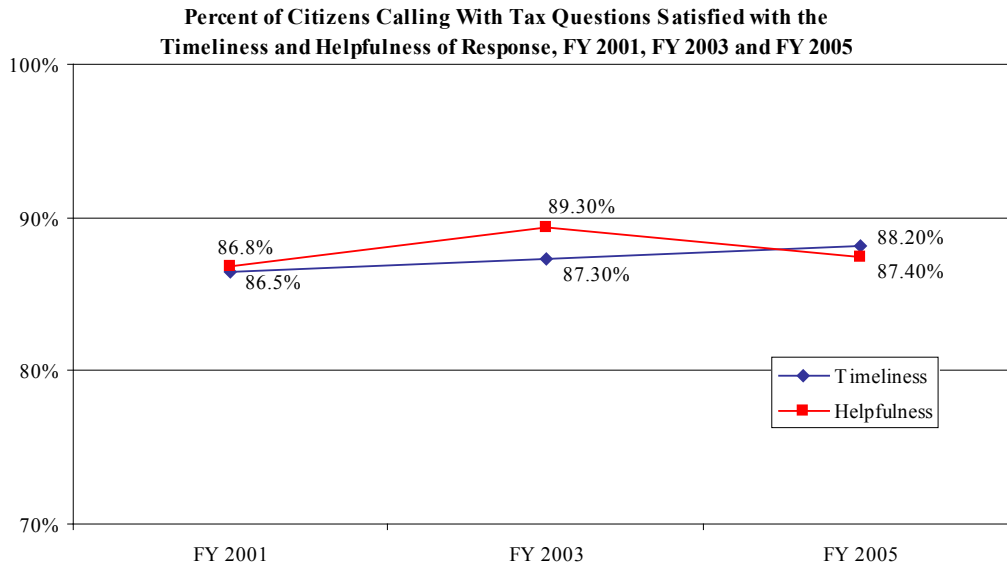
Comments:

- ◆ Henrico and Fairfax were not able to provide comparative data for FY 2001. Chesterfield, Fairfax, and Loudoun were not able to provide comparative data for FY 2005 and FY 2006.



Satisfaction with the Timeliness and Helpfulness of Response to Tax Questions

Purpose: An objective of Tax Administration is to respond to taxpayer questions in a timely and helpful manner. This measure provides the percent of citizens stating that they were either somewhat or very satisfied with the timeliness of responses to their tax questions and with the helpfulness of responses to those questions. The figures are from the Prince William County Citizen Satisfaction Survey which is conducted annually by the University of Virginia's Center for Survey Research.



Note: Beginning in FY 2001 citizens were asked tax questions every other year on the Citizen Survey. Therefore, data for FY 2002, FY 2004 and FY 2006 is not available.

Trend:

- ◆ Citizen satisfaction with the timeliness of response to tax questions improved slightly between FY 2001 and FY 2005 however, the change was not statistically significant.
- ◆ Citizen satisfaction with the helpfulness of the response to tax questions declined slightly between FY 2003 and FY 2005. The change was not statistically significant.

Comments:

- ◆ The FY 2005 adopted target for citizen satisfaction with timeliness was 80 percent and the target for citizen satisfaction with helpfulness was 85 percent.

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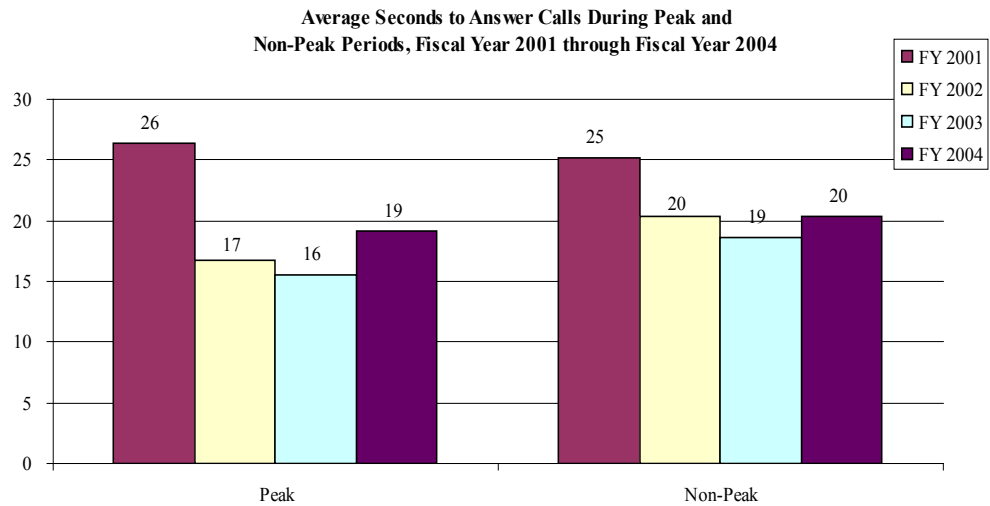
Delinquent Taxes as a Percent of Levy

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Average Seconds to Answer Calls during Peak and Non-Peak Periods

Purpose: Besides citizen satisfaction levels another measure of responsiveness is the average seconds to answer calls during peak and non-peak periods. All calls received are included in computing the measure. Tax Administration's peak period is from August 16 through October 8 of each year.



Note: Call volume data was not available for FY 2005 and FY 2006.

Trend:

- ◆ The average time to answer calls during peak and non-peak hours declined significantly between FY 2001 and FY 2003, before rising in FY 2004. The average time to answer calls during peak hours was reduced by 27 percent (from 26 seconds to 19 seconds) and during non-peak periods the average time to answer calls was reduced by 19 percent (from 25 seconds to 20 seconds).
- ◆ Between FY 2001 and FY 2004 call volume increased 41 percent while staff levels remained relatively unchanged.

	FY 2001	FY 2002	FY 2003	FY 2004	% Change
Authorized Employees	57.8	58.8	58.8	57.8	0.00%
Call Volume	130,151	144,595	175,553	183,446	40.95%

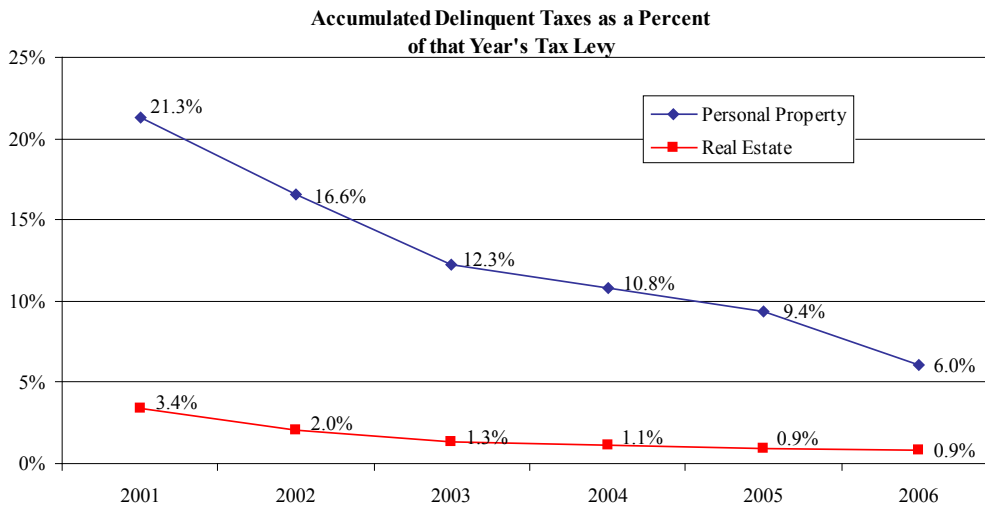
Comment:

- ◆ Call volume data was not available for FY 2005 or FY 2006 due to the repair and replacement of the Tax Administration phone system.



Accumulated Delinquent Taxes as a Percent of that Year's Tax Levy

Purpose: To provide information on the overall level of delinquent personal property and real estate taxes. The measure is computed by dividing total accumulated (a five year period) delinquent personal property taxes at year end by the personal property tax levy for that year and by dividing total accumulated (a 20 year period) delinquent real estate taxes at year end by the total real estate tax levy for that year.



	Real Estate Taxes		Personal Property	
	Amt. Delinquent At the End of The Fiscal Year	Real Estate Tax Levy	Amt. Delinquent At the End of The Fiscal Year	Personal Property Tax Levy
2001	\$7,829,000	\$232,696,000	\$15,688,000	\$73,604,000
2002	\$5,253,000	\$260,989,000	\$14,039,000	\$84,782,000
2003	\$3,882,000	\$300,659,000	\$11,778,000	\$95,843,000
2004	\$3,800,000	\$343,850,000	\$11,392,000	\$105,781,000
2005	\$3,552,223	\$392,398,000	\$10,239,000	\$108,983,000
2006	\$3,640,595	\$426,680,000	\$7,538,000	\$125,245,000

Trend:

- ◆ Delinquent personal property taxes as a percent of that year's tax levy have consistently showed a downward trend since FY 2001. Delinquent real estate taxes as a percent of that year's tax levy declined between FY 2001 and FY 2005 and remained at the FY 2005 level in FY 2006.

Comments:

- ◆ The steady decline in delinquent taxes is a result of installing a new personal property system and implementing a new business process in 1999.
- ◆ A strong economy and increased homeowner refinancing also contributes to the decline in delinquent taxes.

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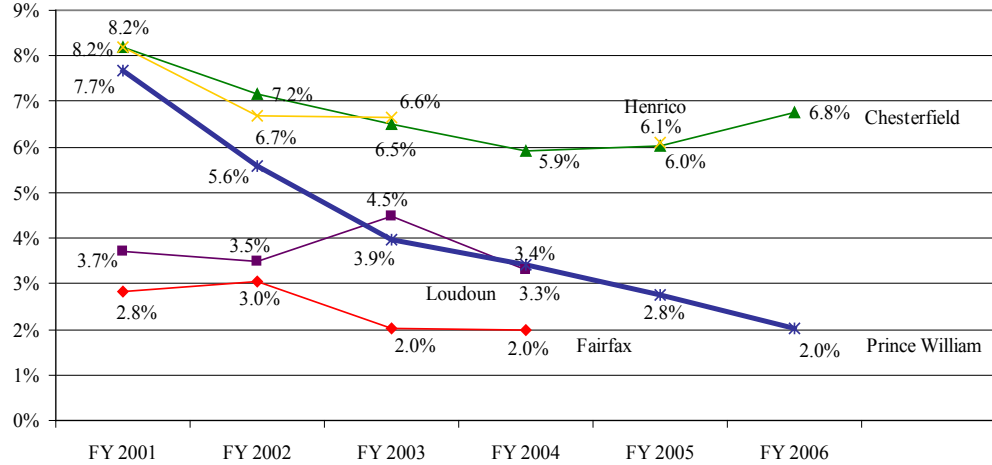
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Accumulated Delinquent Taxes As a Percent of that Year's Tax Levy
Fiscal Year 2001 through Fiscal Year 2006



Notes: 1. Henrico was unable to provide data for FY 2004 and FY 2006.
2. Loudoun and Fairfax were unable to provide data for FY 2005 and FY 2006.

FY 2006

	Total Delinquent Real Estate and Personal Property Taxes At Year End	Total Real Estate and Personal Property Tax Levy	Accumulated Delinquent Taxes As a Percent of the Tax Levy
Chesterfield	\$23,674,831	\$349,569,698	6.8%
Prince William	\$11,178,595	\$551,925,000	2.0%

Compared to Other Jurisdictions:

- ◆ Prince William's accumulated delinquent taxes as a percent of that year's tax levy declined faster than other comparative jurisdictions between FY 2001 and FY 2006. In FY 2006 Prince William had a considerably lower percent of accumulated delinquent taxes as a percent of that year's tax levy than Chesterfield.

Comments:

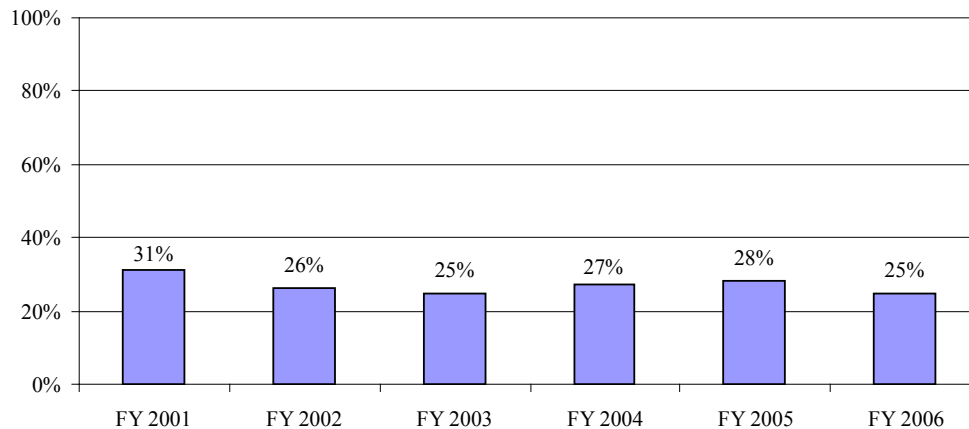
- ◆ This measure is computed by dividing the sum of delinquent personal property taxes (accumulated over a five year period) and delinquent real estate taxes (accumulated over a 20 year period) by the combined personal property and real estate tax levy for the year.
- ◆ Henrico was not able to provide data for FY 2004 and FY 2006. Fairfax and Loudoun were not able to provide data for FY 2005 and FY 2006.



Manual Payment Transactions As a Percent of Total Transactions

Purpose: An objective of Tax Administration is to reduce the number of manual transactions and thereby improve efficiency and speed deposits. Manual payment transactions are all transactions processed by means other than the lock box and mass tax processes. This measure reports the percent of total payment transactions that are processed manually.

**Percent of Total Payment Transactions
Manually Processed, FY 2001 through FY 2006**



Trend:

- ◆ The percent of transactions processed manually varied between 31 percent and 25 percent during the six-year period.

Comments:

- ◆ The percent of total payment transactions manually processed was consistent with the department’s annual goal of 25 percent.

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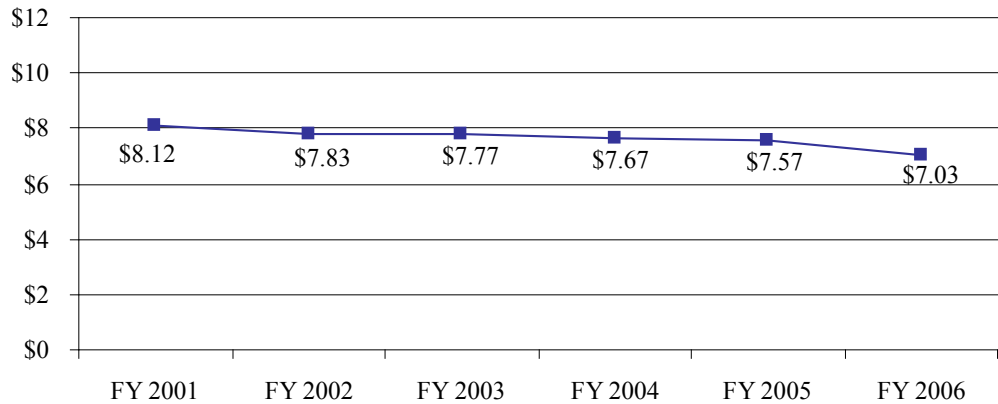
 **Spending per Item Processed**



Average Spending Per Item Processed

Purpose: To provide a general indicator of cost per major item of output. The measure is computed by dividing the total number of business license, personal property tax items, and real estate tax bills processed during the year by total program spending for the year. Tax Administration performs other duties such as following up on delinquent taxes, however, the processing of business, personal property, and real estate items is Tax Administration's major area of work and as such provides a good general indicator of changes in workload.

**Average Spending Per Item Processed
Fiscal Year 2001 through Fiscal Year 2006**

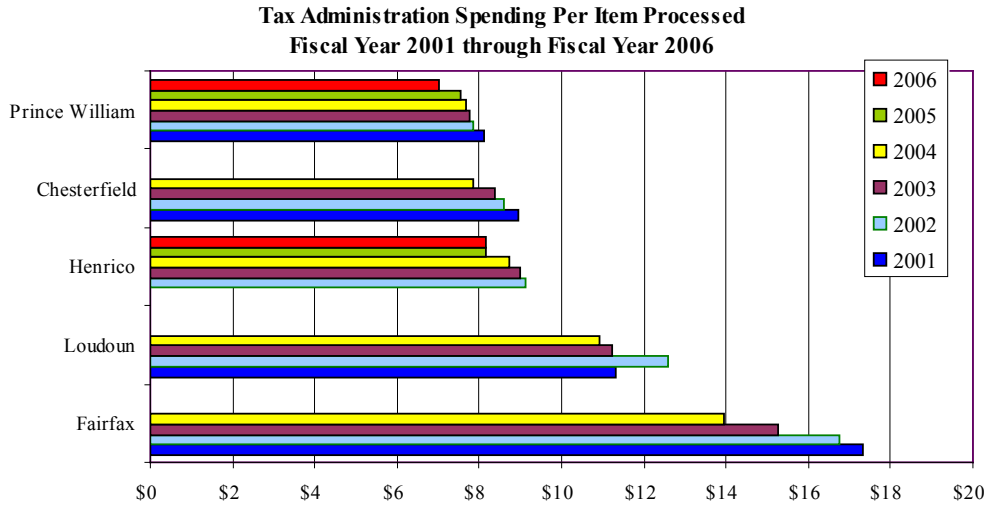


	Total Items Processed	Number of Vehicles Assessed	Number of Business Licenses Issued	Number of Business Personal Property Tax Returns	Number of Real Estate Tax Bills	Program Expenditures (adj. for inflation)
FY 2001	519,516	308,336	7,886	6,370	196,924	\$4,220,413
FY 2002	545,972	327,955	7,822	6,778	203,417	\$4,274,808
FY 2003	576,253	349,069	8,383	7,147	211,654	\$4,478,624
FY 2004	612,896	373,151	9,877	6,902	222,966	\$4,699,742
FY 2005	636,397	381,369	11,108	8,303	235,617	\$4,814,816
FY 2006	690,580	418,985	12,487	8,294	250,814	\$4,855,601

Trend:

- ◆ Between FY 2001 and FY 2006 Tax Administration's spending per item processed decreased by 13.4 percent.

Average Spending Per Item Processed



Note: Chesterfield, Loudoun, and Fairfax were unable to provide data for FY 2005 and FY 2006.

Fiscal Year 2006

	Total Items Processed	Number of Vehicles Assessed	Number of Business Licenses Issued	Number of Business Personal Property Tax Returns	Number of Real Estate Tax Bills	Program Expenditures (adj. for inflation)	Spending Per Item Processed
Prince William	690,580	418,985	12,487	8,294	250,814	\$4,855,601	\$7.03
Henrico	593,366	349,000	19,910	20,959	203,497	\$4,839,562	\$8.16

Compared to Other Jurisdictions:

- ◆ Prince William spent less per item processed than Fairfax, Loudoun, and Chesterfield in FY 2001, FY 2002, FY 2003, and FY 2004. Prince William spent less per item processed than Henrico in FY 2005 and FY 2006.

Comments:

- ◆ Chesterfield, Loudoun, and Fairfax were not able to provide spending data for FY 2005 and FY 2006. Fairfax and Chesterfield were not able to provide data for the number of items processed by Tax Administration for FY 2005 and FY 2006.

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