

# TRANSPORTATION TAX FUND

**FUNCTION:** Transportation Tax Fund  
**DEPARTMENT:**  
**DIVISION OR ACTIVITY:**

**Budget Comments:**

The City Council established the Commercial Property Tax/Transportation Fund (renamed “Transportation Tax Fund”) as part of the FY 2010 Adopted Budget, which levied an additional tax per \$100 of assessed value on all commercial and industrial properties located in the City of Fairfax.

<b>Fiscal Year</b>	<b>Assessment Rate</b>
FY 2010	9 ¢
FY 2011	5.5 ¢
FY 2017	9.5 ¢
FY 2018	10.5 ¢
FY 2019	11.5 ¢
FY 2020 – FY 2024	* 12.5 ¢

\*Maximum allowed by the state of Virginia

One penny on the commercial property tax rate is equivalent to approximately \$192,342, and the FY 2024 proposed rate of 12.5¢ per \$100 of assessed value will generate approximately \$2,404,278. All residential properties, including apartment buildings, are excluded from this tax.

By approving HB 3202 and HB 2479, the General Assembly authorized Northern Virginia Transportation Authority (NVTA) members to raise revenue by enacting a local ordinance imposing the additional commercial tax. This fund also accounts for “30%” monies received from NVTA pursuant to HB 2331. The revenue collected from these sources is to be used solely for transportation and transit purposes, as follows:

**NVTA 30% Revenue**

In 2013, the Virginia Legislature enacted HB 2313, which levied several new taxes and fees both statewide and in the Northern Virginia Planning District. The additional revenues generated in the Northern Virginia Planning District are deposited into the Northern Virginia Transportation Authority Fund. Of those revenues, 30% of the funds are distributed back to the localities, with each locality’s share being the total of the fees and taxes generated or attributed to the locality; this is what we refer to as “NVTA 30% funds”. However, each jurisdiction only receives its full share of its 30% distribution if the jurisdiction imposes the full amount of the C&I tax. Otherwise, the amount is pro-rated.

**NVTA 70% Revenue**

The remaining 70% of the transportation tax revenues is held by the Northern Virginia Transportation Authority (NVTA) and allocated to its member jurisdictions for regional transportation projects; this is what we refer to as “NVTA 70% funds”. The City competes for these regional transportation funds, although by law, each locality’s long-term benefit must be approximately equal to the proportion of the total fees and taxes generated in the locality divided by the total of all fees and taxes received by NVTA.

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Transportation Tax Eligible Uses

Revenues in the City's Transportation Tax Fund have ranged from \$4.8M to \$5.3M per year. This is comprised of approximately \$2.4M in C&I and between \$2.4M and \$2.9M in NVTA 30% funds.

C&I Funding can be used for the following activities:

- New or expanded road construction that add capacity
- New public transit construction
- Other capital costs related to new transportation projects that add new capacity, service or access and the operating costs directly related to the foregoing

Example expenditures of the City's C&I funds include new residential sidewalks, new neighborhood connections and Revenue Sharing match (state funds that require a dollar-for-dollar local match).

NVTA 30% Funding can be used for the following activities:

- Urban or secondary road construction
- Capital improvements that reduce congestion
- Projects included in TransAction 2040 (NVTA's long range plan)
- Public transportation purposes

Example expenditures of the City's 30% funds include CUE operating costs, funding application preparation, and Revenue Sharing match.

A very simplistic example of how the City leverages this funding:

For every \$1 the City levies in C&I tax, the City receives another \$1 in NVTA 30% funding.

We can then use that \$2 as our local match to \$2 in Revenue Sharing funding. So, the City starts with \$1 in C&I and ends up with \$4 in transportation funding.

**FY 2024 Adopted Budget - City of Fairfax, Virginia**

**City of Fairfax, Virginia  
FY 2024 Transportation Tax Fund  
Budget Summary**

	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Variance to</b>	<b>Variance to</b>
	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Estimate</u></b>	<b><u>Adopted</u></b>	<b><u>Budget \$</u></b>	<b><u>Budget %</u></b>
<b>Fund Balance - Beginning</b>	\$ 5,295,423	\$ 5,123,607	\$ 4,584,862	\$ 5,421,183		
<b>Revenues</b>						
NVTA 30% Revenue	\$ 2,902,265	\$ 3,036,496	\$ 3,036,496	\$ 3,112,521	\$ 76,025	2.50%
Transfer from General Fund ( C & I Tax)	2,298,233	2,347,444	2,403,530	2,404,278	56,834	2.42%
<b>Total Revenues</b>	<b>\$ 5,200,498</b>	<b>\$ 5,383,940</b>	<b>\$ 5,440,026</b>	<b>\$ 5,516,799</b>	<b>\$ 132,859</b>	<b>2.47%</b>
<b>Expenses</b>						
Transfer to Capital Projects (C&I)	\$ 74,053	\$ 1,254,604	\$ 1,254,604	\$ 3,086,715	\$ 1,832,111	146.03%
General Subsidies/Contributions (WMATA)	233,236	-	-	-	-	0.00%
Transfer to Capital Projects (30%)	2,620,880	487,000	487,000	565,000	78,000	16.02%
Transfer to Other Funds	-	-	-	-	-	0.00%
Transfer to Transit Fund	2,982,890	3,162,101	2,862,101	3,512,101	350,000	11.07%
<b>Total Expenses</b>	<b>\$ 5,911,059</b>	<b>\$ 4,903,705</b>	<b>\$ 4,603,705</b>	<b>\$ 7,163,816</b>	<b>\$ 2,260,111</b>	<b>46.09%</b>
<b>Cash Balance - Ending</b>	<b>\$ 4,584,862</b>	<b>\$ 5,603,842</b>	<b>\$ 5,421,183</b>	<b>\$ 3,774,166</b>		