# Estimate of General Revenue

## ADOPTED FY 2026-2030

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Prince William
Finance

PRINCE WILLIAM COUNTY
Office of the County Executive
Christopher J. Shorter, County Executive



| | |
|---|---|
| **DATE:** | June 16, 2025 |
| **TO:** | Board of County Supervisors |
| **FROM:** | Michelle L. Attreed, CFO/Acting Deputy County Executive MPA |
| **THRU:** | Christopher J. Shorter, County Executive |
| **RE:** | Revenue Committee Report - Fiscal Year (FY) 2026-2030 Estimate of General Revenue |

I am pleased to present the Adopted FY 2026-2030 Estimate of General Revenue. This report was prepared in accordance with the County's Principles of Sound Financial Management as part of the responsibility to citizens to carefully plan for the funding of programs and services, including the provision and maintenance of public facilities and infrastructure.

During the development of the revenue forecast, the Revenue Committee sought input from public and private sector business representatives most knowledgeable with the County's major revenue sources. The discussions and their input assisted the Committee in identifying and interpreting important local, state, and national economic conditions and trends.

The April Consumer Price Index (CPI) showed signs that inflation cooled, rising modestly at 0.2% month-over-month, slightly below the 0.3% increase expected, with shelter costs and a resurgent in prices within specific categories of goods being key drivers. However, the potential impact of tariffs still looms. The Federal Reserve has justifiably retained a neutral stance amid ambiguous signals emanating from the president's administration concerning future tariff policy. With recent data pointing to an economy that, although slowing, has remained relatively stable, the Federal Reserve elected to maintain the target range of the Federal Funds rate at 4.25% - 4.50%. The decision, announced on May 7, was widely anticipated given policymakers have expressed trepidation surrounding the uncertain push-pull dynamic that could emerge between inflation and growth. The statement issued following the meeting reflected a notable change to the outlook. The committee "judges that the risks of higher unemployment and higher inflation have risen", which suggests a stagflation scenario could develop. The post meeting press conference saw Chairman Powell characterize the U.S. economy as "solid." Powell reiterated the economy is doing "fine" and that he sees no evidence in the hard data that points to the type of weakness reflected in consumer sentiment data.

Prince William County's labor market exhibited a weakening trend over the first quarter of calendar year 2025, as the preliminary unemployment rate rose to 3.3% in March versus 2.3% in December 2024. While the availability of granular data to assess the health of the County's job market at a sector level is limited, a leading indicator that can be utilized to measure labor market conditions are initial claims for unemployment insurance. For the period spanning January through March 2025, average initial claims per month climbed to 593 versus a per month average of 431 from October through December 2024. Considering the trajectory of claims throughout the quarter, a reasonable conclusion can be made that reductions in the federal workforce and contractors serving the federal government are likely buttressing the County's current labor market profile.

With 30-year mortgage rates hovering near 7.0%, the housing market is confronted with an affordability crisis that shows no signs of relief for homebuyers. Current homeowners that locked into lower interest mortgages over the past few years, particularly mid-2020 through mid-2022, are displaying reluctance to list their homes for sale, causing inventory levels to remain depressed and limiting price declines. Freddie Mac's current Primary Mortgage Survey indicates the average 30-year fixed rate mortgage is 6.85%, down from a 2024 high-mark of 7.22%. After reaching a 2025 high of approximately 7.04% in mid-January the average 30-year mortgage rate has declined modestly, triggered in part by concerns economic growth could come under pressure amid the Trump administration's rollout of reciprocal tariffs. Still, against a backdrop of elevated prices and reluctance by current homeowners to relinquish lower interest mortgages, housing affordability challenges have remained persistent. Virginia Realtors noted in a recent report that "higher prices will likely dampen first-time buyer interest and hesitation around the impact of tariffs and policy changes on consumer sentiment and the overall economy is likely to play a huge part in mortgage rate trajectory". The April 2025 median sales price in Prince William County was $593,000. This is $23,000 higher than the median price last April, a 4.0% increase.

Average residential real estate values grew by 7.3% while commercial values (excluding data centers) increased 2.6% during calendar year 2024 (tax year 2025). New taxable business tangible property, mainly from data centers, continues to grow and be a positive driver of personal property tax revenue. In 2024, the automobile industry began to return to an environment of normal depreciation, though new and used vehicle prices remained elevated compared to pre-pandemic levels. However, 2025 has presented new challenges as the impact from tariffs will affect pricing and availability on new vehicles. As reported by Edmunds, there are signs of renewed pressure in the used market. As of April 2025, Consumer Price Index data revealed used cars and trucks and new vehicles prices have risen 1.5% and 0.3%, respectively, from the previous year.

To help offset rising home assessments, the Board of County Supervisors reduced the real estate tax rate from $0.920 to $0.906 during budget adoption. Additionally, for the first time since 1990, the personal property tax rate on vehicles was reduced from $3.70 to $3.50. Simultaneously, the business personal property tax rate on computer equipment and peripherals increased from $3.70 to $4.15. The Board also plans to amend the food and beverage (meals) tax ordinance later in 2025 to reduce the tax rate from 4% to 3% effective January 1, 2026.

The revenue estimates contained in this document are used to support the Adopted Fiscal Year 2026-2030 Five-Year Plan, the Adopted Fiscal Year 2026-2031 Capital Improvement Plan (CIP) and other financial undertakings.

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

# Prince William County

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**FINANCE STAFF**

*Lillie Jo Krest, Assistant Director of Finance, Treasury Management*

*Endora Matei - Project Lead*

*Esther Caesar*

*Brandon Christian*

*Cassandra Johnson*

*Brad Norris*

*Angeline Pharaphan*

*Paul Velasquez*

*Bart Cecil*

*Charles Hunter*

*Allison Lindner*

*Kerem Oner*

*Isabel Salumbides-Calangi*

*Terri Whitt*

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

**THE FEDERAL RESERVE BANK OF RICHMOND**

*Sonya R. Waddell, Vice President & Economist, Regional and Community Analysis*

**NORTHERN VIRGINIA BUILDING INDUSTRY ASSOCIATION**

*Saifaldin (Saif) Rahman, Managing Partner, JR Real Estate Group, LLC*

**J.D. POWER VALUATION SERVICES**

*Jonathan Banks, VP, Product Development for Valuation Services*

**REALTOR® ASSOCIATION OF PRINCE WILLIAM (PWAR)**

*Laura Triplett, Senior Vice President/Senior Loan Officer, Atlantic Coast Mortgage*

**VIRGINIA REALTORS®**

*Ryan Price, Chief Economist*

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*Coleman Rector, President & Principal Broker, Weber Rector Commercial Real Estate Services, Inc.*

**DATA CENTER COALITION**

*Josh Levi, President*

# Table of Contents

# ECONOMY AT-A-GLANCE

The County's revenues are affected, to varying degrees, by economic conditions at the national, state, and local levels. The table below identifies some of the key indicators for the national, regional, and local economies and reflects the quarter-over-quarter trends.

| Indicator | Prior Qtr 12/31/2024 | Prior Year 03/31/2024 | Current [1] 03/31/2025 | Short-Term Outlook | | | | |
|---|---|---|---|---|---|---|---|---|
| General | | | | | | | | |
| Consumer Price Index (CPI) | 2.9% | 3.5% | 2.4% | | | ● | | |
| Gross Domestic Product (GDP) | 2.4% (R) | 1.6% | -0.3% (P) | | ● | | | |
| Federal Funds Rate | 4.33% | 5.33% | 4.33% | | | ● | | |
| S&P 500 Index | 5,882 | 5,254 | 5,612 | | ● | | | |
| Unemployment Rate | | | | | | | | |
| National | 4.1% | 3.8% | 4.2% | | | ● | | |
| Virginia | 3.0% | 2.9% | 3.2% (P) | | | ● | | |
| Prince William County | 2.3% (R) | 2.4% | 3.3% (P) | | | ● | | |
| Average Weekly Wages [2] | | | | | | | | |
| National | $1,390 | $1,334 | $1,394 | | | ● | | |
| Virginia | $1,436 | $1,383 | $1,444 | | | ● | | |
| Prince William County | $1,197 | $1,179 | $1,232 | | | ● | | |
| Employment Establishments [3] | | | | | | | | |
| Virginia | 319,920 | 315,789 | 325,198 | | | ● | | |
| Region | 97,518 | 97,422 | 98,935 | | | ● | | |
| Prince William County | 10,637 | 10,529 | 10,810 | | | ● | | |
| Revenue | | | | | | | | |
| Retail Sales: National | 0.4% | 0.7% | 1.4% | | | ● | | |
| Sales and Use Tax: Virginia | 1.6% | -1.1% | 1.4% | | | ● | | |
| Sales and Use Tax: Prince William County | 4.8% | 1.0% | 5.8% | | | ● | | |
| Revenue Collections: Virginia | 6.7% | 6.2% | 5.8% | | | ● | | |
| Vehicles | | | | | | | | |
| National Automobile Sales (units in millions) | 15.8 | 15.4 | 16.5 | | | ● | | |
| Real Estate Market: Prince William County | | | | | | | | |
| Median Sold Price | $565,000 | $580,000 | $550,000 | | | ● | | |
| Closed Sales | 427 | 374 | 296 | | | ● | | |
| Average Days on Market | 25 | 17 | 19 | | | ● | | |
| Ratio of Homes on the Market to Homes Sold | 0.65 | 0.73 | 1.51 | | | ● | | |
| Occupancy Permits Issued | 179 | 137 | 133 | | | ● | | |
| Building Permits Issued | 281 | 198 | 215 | | | ● | | |
| Commercial Vacancy Rate | 3.1% | 3.7% | 2.8% | | | ● | | |

| | | | | |
|---|---|---|---|---|
| Negative | Slightly Negative | Neutral | Slightly Positive | Positive |

1 Reflects data available as of the date displayed
2 Average Weekly Wages lags current and prior period by 2 quarters
3 Employment Establishments lags current and prior period by 2 quarters
(P): Preliminary
(R): Revised

# REAL ESTATE TAX RATE AND MAJOR REVENUE SOURCES

## FY 2026 Adopted Real Estate Tax Rate and Average Tax Bill

On April 22, 2025, the Board of County Supervisors (BOCS) adopted a real estate tax rate of $0.906 which equates to an average real estate tax bill of $5,162 on existing residential properties.

## Major Revenue Sources

| FY2026-2030 GENERAL COUNTY REVENUE - MAJOR REVENUE SOURCES | | | | | | |
|---|---|---|---|---|---|---|
| **Major Revenue Sources ($ in 000s)** | **% to Total (FY 2026)** | **FY 2026 Forecast** | **FY 2027 Forecast** | **FY 2028 Forecast** | **FY 2029 Forecast** | **FY 2030 Forecast** |
| **Real Estate Tax Rate:** | | **$0.906** | **$0.906** | **$0.906** | **$0.906** | **$0.906** |
| Real Estate Taxes | 59.2% | $1,025,922 | $1,092,647 | $1,161,574 | $1,233,590 | $1,308,822 |
| Personal Property Taxes | 25.2% | $436,246 | $443,046 | $450,146 | $458,346 | $466,546 |
| Motor Vehicle License | 0.8% | $13,390 | $13,792 | $14,205 | $14,632 | $15,071 |
| Sales Tax | 5.9% | $102,500 | $105,063 | $107,689 | $110,381 | $113,141 |
| Consumer Utility Tax | 0.9% | $15,500 | $15,500 | $15,500 | $15,500 | $15,500 |
| Communications Sales Tax | 0.7% | $11,500 | $11,000 | $10,700 | $10,000 | $10,000 |
| BPOL Tax | 2.1% | $37,167 | $38,096 | $39,048 | $40,024 | $41,025 |
| Investment Income | 1.7% | $29,400 | $31,410 | $31,850 | $32,780 | $33,590 |
| Food and Beverage Tax | 2.3% | $40,250 | $36,000 | $37,500 | $37,500 | $37,500 |
| All Other | 1.2% | $20,799 | $21,353 | $21,522 | $21,999 | $22,680 |
| Total General Revenue | 100.0% | $1,732,674 | $1,807,906 | $1,889,734 | $1,974,751 | $2,063,874 |
| School Portion | | $991,609 | $1,034,664 | $1,081,495 | $1,130,150 | $1,181,155 |
| County Share General Revenue | | $741,064 | $773,241 | $808,239 | $844,601 | $882,719 |
| **Total General Revenue** | | **$1,732,674** | **$1,807,906** | **$1,889,734** | **$1,974,751** | **$2,063,874** |

# Key Assumptions

The following sections of this report contain the key assumptions that were the topic of discussion during the Revenue Committee Meetings. The comments and insights from public and private sector participants contributed to the formation of these assumptions. Revenue estimates by category are detailed below.

| FY2026-2030 GENERAL COUNTY REVENUE - BY CATEGORY | | | | | | |
|---|---|---|---|---|---|---|
| | | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
| **REVENUE SOURCE** | **OBJ** | **Forecast** | **Forecast** | **Forecast** | **Forecast** | **Forecast** |
| Real Estate (Gross Local Revenue) | 40010 | $ 1,064,757,000 | $ 1,133,066,000 | $ 1,203,569,000 | $ 1,277,152,000 | $ 1,353,939,000 |
| Real Estate Exonerations | 40020 | $ (20,000,000) | $ (20,000,000) | $ (20,000,000) | $ (20,000,000) | $ (20,000,000) |
| Real Estate Tax Relief | 40015 | $ (45,000,000) | $ (47,000,000) | $ (49,000,000) | $ (51,000,000) | $ (53,000,000) |
| **Real Estate** | | $ 999,757,000 | $ 1,066,066,000 | $ 1,134,569,000 | $ 1,206,152,000 | $ 1,280,939,000 |
| Real Estate-Public Service | 40041 | $ 23,676,000 | $ 23,913,000 | $ 24,152,000 | $ 24,393,000 | $ 24,637,000 |
| Real Estate Tax Deferral | 40021 | $ 23,676,000 | $ 23,913,000 | $ 24,152,000 | $ 24,393,000 | $ 24,637,000 |
| Land Redemption | 40025 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 |
| Real Estate Penalties | 40160 | $ 2,789,000 | $ 2,968,000 | $ 3,153,000 | $ 3,345,000 | $ 3,546,000 |
| **TOTAL REAL ESTATE** | | $ 1,025,922,000 | $ 1,092,647,000 | $ 1,161,574,000 | $ 1,233,590,000 | $ 1,308,822,000 |
| | | | | | | |
| Business Tangibles - Current Year | 40073 | $ 217,995,500 | $ 219,995,500 | $ 221,995,500 | $ 224,995,500 | $ 227,995,500 |
| Business Tangibles - Prior Year | 40074 | $ 50,000 | $ 50,000 | $ 50,000 | $ 50,000 | $ 50,000 |
| Vehicles - Current Year | 40075 | $ 214,900,000 | $ 219,700,000 | $ 224,800,000 | $ 230,000,000 | $ 235,200,000 |
| Personal Property Tax Deferral | 40081 | $ (1,000,000) | $ (1,000,000) | $ (1,000,000) | $ (1,000,000) | $ (1,000,000) |
| Personal Property Penalties | 40170 | $ 4,300,000 | $ 4,300,000 | $ 4,300,000 | $ 4,300,000 | $ 4,300,000 |
| **TOTAL PERSONAL PROPERTY** | | $ 436,245,500 | $ 443,045,500 | $ 450,145,500 | $ 458,345,500 | $ 466,545,500 |
| | | | | | | |
| **MOTOR VEHICLE LICENSE** | 40250 | $ 13,390,000 | $ 13,791,700 | $ 14,205,451 | $ 14,631,615 | $ 15,070,563 |
| **LOCAL SALES TAX** | 40210 | $ 102,500,000 | $ 105,062,500 | $ 107,689,063 | $ 110,381,289 | $ 113,140,821 |
| **CONSUMER UTILITY TAX** | 40220 | $ 15,500,000 | $ 15,500,000 | $ 15,500,000 | $ 15,500,000 | $ 15,500,000 |
| **BPOL TAXES - LOCAL BUSINESSES** | 40235 | $ 37,167,000 | $ 38,096,000 | $ 39,048,000 | $ 40,024,000 | $ 41,025,000 |
| **INVESTMENT INCOME** | 40510 | $ 29,400,000 | $ 31,410,000 | $ 31,850,000 | $ 32,780,000 | $ 33,590,000 |
| **COMMUNICATIONS SALES TAX** | 41339 | $ 11,500,000 | $ 11,000,000 | $ 10,700,000 | $ 10,000,000 | $ 10,000,000 |
| **FOOD AND BEVERAGE TAX** | 40211 | $ 40,250,000 | $ 36,000,000 | $ 37,500,000 | $ 37,500,000 | $ 37,500,000 |
| | | | | | | |
| Interest on Taxes | 40140 | $ 2,444,000 | $ 2,568,000 | $ 2,697,000 | $ 2,834,000 | $ 2,975,000 |
| Daily Rental Equipment Tax | 40215 | $ 1,700,000 | $ 2,000,000 | $ 2,200,000 | $ 2,400,000 | $ 2,700,000 |
| Consumption Tax | 40221 | $ 2,800,000 | $ 3,000,000 | $ 3,000,000 | $ 3,000,000 | $ 3,000,000 |
| Bank Franchise Tax | 40230 | $ 3,000,000 | $ 3,200,000 | $ 3,400,000 | $ 3,500,000 | $ 3,600,000 |
| Tax on Deeds | 40261 | $ 2,800,000 | $ 2,800,000 | $ 2,800,000 | $ 2,800,000 | $ 2,800,000 |
| Transient Occupancy Tax | 40270 | $ 2,600,000 | $ 2,600,000 | $ 2,700,000 | $ 2,700,000 | $ 2,800,000 |
| Cigarette Tax | 40280 | $ 3,800,000 | $ 3,500,000 | $ 3,000,000 | $ 3,000,000 | $ 3,000,000 |
| Interest Paid to Vendors | 40520 | $ (100,000) | $ (100,000) | $ (100,000) | $ (100,000) | $ (100,000) |
| Interest Paid on Refunds | 40521 | $ (20,000) | $ (20,000) | $ (20,000) | $ (20,000) | $ (20,000) |
| Rolling Stock Tax | 41303 | $ 95,000 | $ 95,000 | $ 95,000 | $ 95,000 | $ 95,000 |
| Passenger Car Rental Tax | 41304 | $ 1,400,000 | $ 1,430,000 | $ 1,470,000 | $ 1,510,000 | $ 1,550,000 |
| Manufactured Home Tilting Tax | 41305 | $ 50,000 | $ 50,000 | $ 50,000 | $ 50,000 | $ 50,000 |
| Peer-to-Peer Vehicle Sharing Tax | 41306 | $ 50,000 | $ 50,000 | $ 50,000 | $ 50,000 | $ 50,000 |
| Federal Payment in Lieu of Taxes | 41700 | $ 80,000 | $ 80,000 | $ 80,000 | $ 80,000 | $ 80,000 |
| Undistributed & Miscellaneous | 41150 | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 |
| **ALL OTHER REVENUE** | | $ 20,799,000 | $ 21,353,000 | $ 21,522,000 | $ 21,999,000 | $ 22,680,000 |
| | | | | | | |
| **TOTAL GENERAL REVENUE** | | **$ 1,732,673,500** | **$ 1,807,905,700** | **$ 1,889,734,014** | **$ 1,974,751,404** | **$ 2,063,873,884** |

# Real Property Revenue

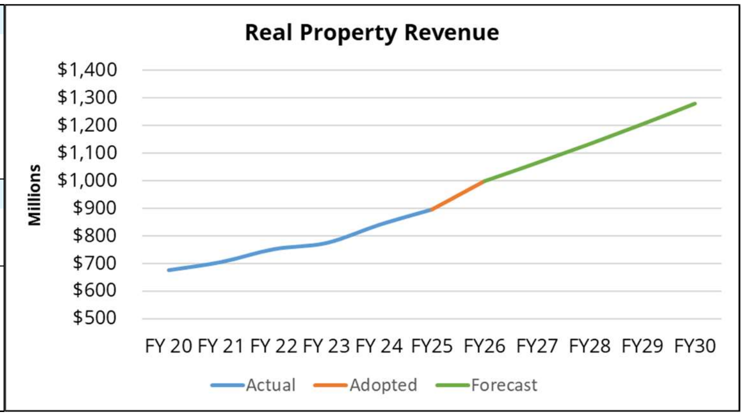
Real estate revenues are broken down into the following categories: general real estate, public service, tax deferrals, land redemption, and penalties.

## Real Estate Taxes

The real estate tax is the largest revenue source for Prince William County, comprising approximately 59.2% of the general revenue forecast for Fiscal Year (FY) 2026. This tax is levied on all land, improvements, and leasehold interests on land or improvements (collectively called “real property”) except that which has been legally exempted from taxation by the Prince William County Code and the Code of Virginia. The revenue summary for the general real estate tax applies only to real property assessed locally[1].

The graph below shows a five-year history of this revenue source and the five-year revenue forecast.

| Fiscal Year | Actual | % Change |
|---|---|---|
| FY 20 | $ 677,034,332 | 5.60% |
| FY 21 | $ 706,631,877 | 4.37% |
| FY 22 | $ 753,029,682 | 6.57% |
| FY 23 | $ 775,461,623 | 2.98% |
| FY 24 | $ 841,019,618 | 8.45% |
| **Fiscal Year** | **Actual** | **% Change** |
| FY 25 Adopted | $ 896,227,000 | 6.56% |
| FY 25 Revised (Q3) | $ 889,394,000 | 5.75% |
| **FY 26 Adopted** | **$ 999,757,000** | **12.41%** |
| FY 27 | $ 1,066,066,000 | 6.63% |
| FY 28 | $ 1,134,569,000 | 6.43% |
| FY 29 | $ 1,206,152,000 | 6.31% |
| FY 30 | $ 1,280,939,000 | 6.20% |




### *Residential Real Estate*

During calendar year (CY) 2024 the residential market appreciated at 7.3% following a 5.5% increase in CY 2023. Appreciation occurred across all residential property types.

The residential real estate market consists of four property types: single-family homes, townhouses, residential condominiums, and apartments. Duplex units are

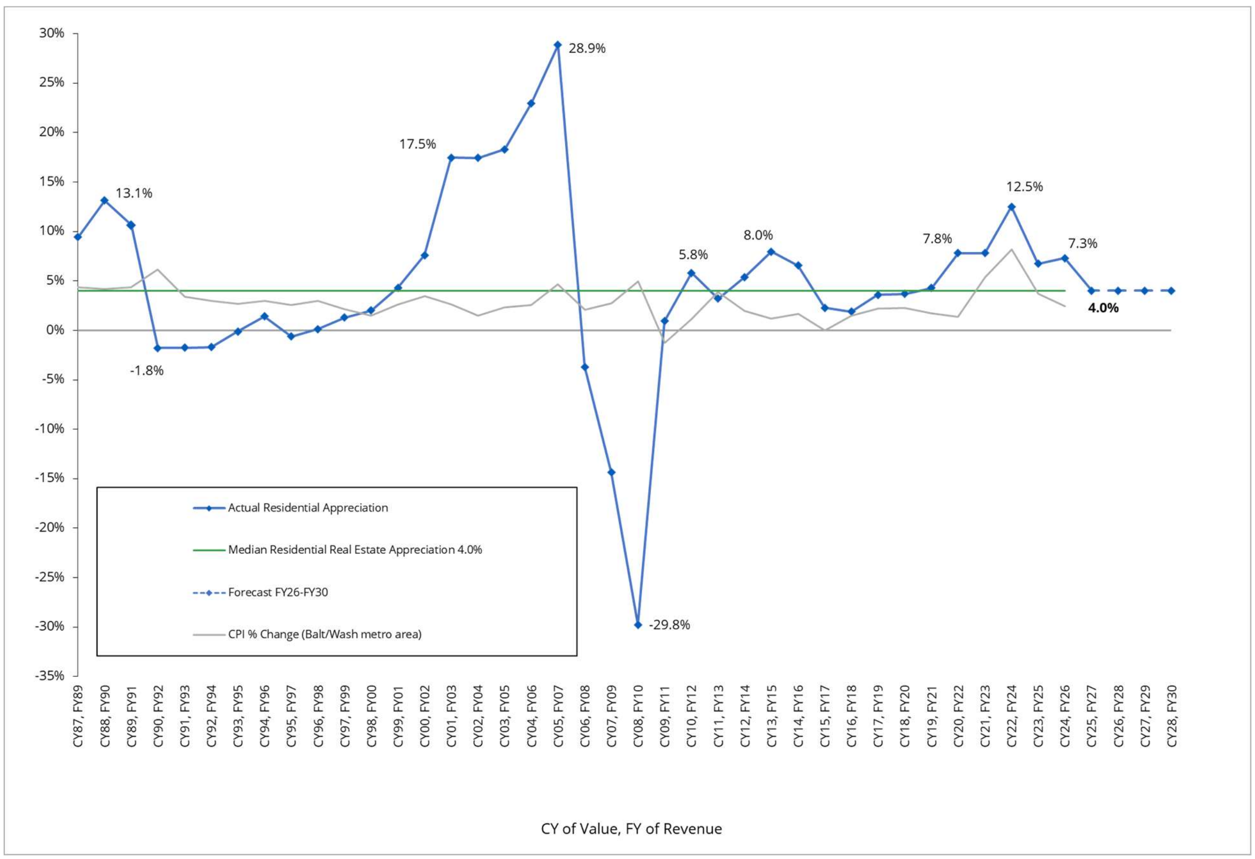
[1] Real property includes residential, apartments, commercial & industrial, and agricultural and resource land property types.

included within the townhouse category. The apartment category consists of units within rental apartment communities and apartment buildings with five or more units.

In 2024, the aggregate level of foreclosures, bank owned property, and short sales remained low at just over 1% of all residential sales transacted. The average number of days on the market increased from 22 days in December 2023 to 25 days in December 2024. Average sales prices were 98.9% of the original list price compared to 98.8% in 2023, an indication of a strong seller's market.

### *Residential Appreciation*

The following chart shows a history of actual residential appreciation (excluding rental apartments) from Calendar Years 1988 through 2024 and the Revenue Committee's estimates for years thereafter.



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

| Residential Appreciation<br>Fiscal Year | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|---|---|---|---|---|---|
| Calendar Year Activity | 2024 | 2025 | 2026 | 2027 | 2027 |
| Landbook Year (Real Estate) | 2025 | 2026 | 2027 | 2028 | 2028 |
| Residential | 7.3% | 4.0% | 4.0% | 4.0% | 4.0% |
| Apartments | 2.8% | 3.0% | 3.0% | 3.0% | 3.0% |

While the growing risk of a recession in 2025 still exists and current mortgage rates remain among the highest in the past three decades, the overall resilience of the local economy and limited inventories are expected to offer a measure of support for the residential sector. Prince William County's residential market is projected to temper and return to historical appreciation levels over the forecast period.

### *Apartments Market Value Change*

Apartment values appreciated 2.8% during CY 2024, driven primarily by increasing rents. Demand for apartments is expected to remain strong due to affordability challenges presented by residential real estate.

### *Residential New Construction Units*

Growth is defined as the change in assessed value due to the subdivision of land and the construction of new residential units. Construction taking place in one calendar year impacts real estate revenues two fiscal years later. For example, construction that occurred in CY 2024 is reflected in the County's landbook on January 1, 2025, providing the basis for projected real estate tax revenue to be received in FY 2026.

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

| Residential Units Completed<br>Fiscal Year | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|---|---|---|---|---|---|
| Calendar Year Activity | 2024 | 2025 | 2026 | 2027 | 2027 |
| Landbook Year (Real Estate) | 2025 | 2026 | 2027 | 2028 | 2028 |
| Single Family | 294 | 400 | 400 | 400 | 400 |
| Townhouse* | 263 | 420 | 420 | 420 | 420 |
| Condominium | 130 | 100 | 100 | 100 | 100 |
| Apartments | 743 | 810 | 300 | 300 | 300 |

*Duplex units are included within the townhouse category

The volume of new home starts is expected to remain near current levels. Construction of new apartment units added 743 units in 2024 (FY 2025). Volume is expected to peak slightly above 800 units in 2025 as multiple apartment projects are completed. New home starts are anticipated to level off during the remaining forecast period due to uncertainty of when planned units will come online.

*Residential Values per New Unit*

The average assessed value of a new home (all types) built during CY 2024 is approximately $753,200. It should be noted that the overall assessed value of a new home is influenced by the mix of single-family, townhouse, and condominium units constructed in any given year.

The average assessed value of a new single-family home was approximately $985,200 in 2024. The average assessed value of a new townhouse and condominium unit was $614,400 and $483,700, respectively.

## Commercial Real Estate

Excluding data centers, calendar year 2024 market activity in Prince William County resulted in an overall appreciation of approximately 2.6% in commercial property values. Data centers appreciated at a rate of 23.7%. Property types impacted most by the pandemic, such as those in the hospitality and retail sectors, exhibited further stabilization in both vacancies and collections. The strongest performing properties were concentrated in the industrial and hospitality sectors, appreciating by approximately 7% and 2% respectively. Overall, the commercial appreciation rate is expected to tick up slightly during the forecast period as commercial real estate markets continue to stabilize.

The commercial appreciation forecast for FY 2026-2030 is as follows:

| **Commercial Appreciation**<br>**Fiscal Year** | **FY 2026** | **FY 2027** | **FY 2028** | **FY 2029** | **FY 2030** |
|---|---|---|---|---|---|
| Calendar Year Activity | 2024 | 2025 | 2026 | 2027 | 2027 |
| Landbook Year (Real Estate) | 2025 | 2026 | 2027 | 2028 | 2028 |
| Commercial | 2.6% | 4.0% | 4.0% | 4.0% | 4.0% |

Average assessed values per square foot for FY 2026 are determined based on the recognition of building values from new construction completed during CY 2024. These unit values are adjusted to reflect the general appreciation of commercial properties during the remainder of the forecast period.

Apart from data centers, commercial properties are categorized into the following property types: retail, industrial, hotel, office, special use, and miscellaneous. For FY 2026 (CY 2024 market activity), approximately 837,000 square feet of commercial space, excluding data centers, was added to the assessment rolls. Data center growth is measured in megawatts. In 2024, there were 199 megawatts added to the existing inventory. New commercial space added can vary significantly from year to year due to a variety of factors, including project delays and varying dynamics within the commercial environment.

### *Retail*

As economic conditions in the County remained buoyant during 2024, the retail sector continued to stabilize. In 2024 rents increased modestly compared to 2023. There were 36,900 square feet of retail space added during the year. Due to persistent low demand for shopping center space, we do not foresee any significant new construction in this sub-category during the forecast period.

### *Industrial*

During 2024, the industrial sector remained strong in Prince William County, as well as regionally. Rents remain robust while vacancies are low as industrial space is at a premium. The industrial market is also competing with data center developers for land, leading to developed industrial parcels being bought out for data centers. This will only increase demand for the remaining industrial space. The self-storage submarket stabilized in 2024 as newer units got absorbed while no new units were added. Rents in this submarket have decreased over the past couple of years to help boost occupancy. Construction of industrial properties added approximately 836,000 square feet to the commercial/industrial base in 2024. The current pipeline includes planned projects that should add 100,000 – 1,500,000 square feet in CY 2025 and beyond.

### *Hotels*

Hotel properties have finally stabilized with most hotels at or near pre-pandemic values. Average Daily Rates (ADR) have continued to rise modestly from 2023 to 2024. Overall occupancy rates are stable as they are supported by growing group bookings, firm leisure demand and improving corporate travel. However, due to corporate telework remaining sturdy, business and corporate travel have not completely recovered from pre- pandemic levels. Capitalization rates have held steady in 2024. In Manassas, there is one hotel expected to be completed in 2025.

### *Office Buildings*

Office rents remained stable while vacancies were slightly down in 2024. Smaller tenants and less inventory have translated into the County demonstrating some of the lowest vacancy rates in the area. Capitalization rates and expenses were slightly higher, leading to property values appreciating modestly in 2024. There was no new construction in 2024, nor do we expect any over the foreseeable future as demand is muted due to a high level of corporate telework as well as vacancies in the region.

### *Special Use*

Properties within the special use category comprise senior assisted living/memory care facilities, nursing homes, healthcare facilities, and other types of properties that have no foreseeable alternative use. Several subsectors in the special use category have demonstrated significant recovery in the post-pandemic era. The Jiffy Lube Live Amphitheatre has been operating at a near normal level, while senior housing communities have seen increased occupancy and growth in the County, with 145,000 square feet added in 2024. Other submarkets have also displayed steady improvement. Most notable was the phase 1 completion in 2024 of The Rose Gaming Resort, which comprises 81,700 square feet of commercial property.

### *Miscellaneous*

Miscellaneous includes golf courses, taxable schools, and other property types that do not fit in one of the major categories. There was no new construction in this category in 2024.

### *Data Centers*

Retail data centers are valued based on the amount of megawatt power available for the exclusive use of tenants in the property. In 2024, appreciation was driven by robust sales prices for vacant land. Data Ceneters accounted for over 90% of the overall commercial growth in 2024. Expectations are for growth to continue at a strong pace in both buildouts of existing data centers as well as new properties.

Data centers have been the most active commercial real estate category, primarily driven by demand outstripping supply. The County's strategic zoning designations, including the classification of data centers as a targeted industry, have supported sustained development over the past decade. Prince William County continues to have a prominent footprint in the North American data center market, offering world-class connectivity, strategic zoning, and a skilled technology workforce. Its infrastructure supports industries related to artificial intelligence, cloud computing, and cyber security, and beyond.

## Real Estate Exonerations

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

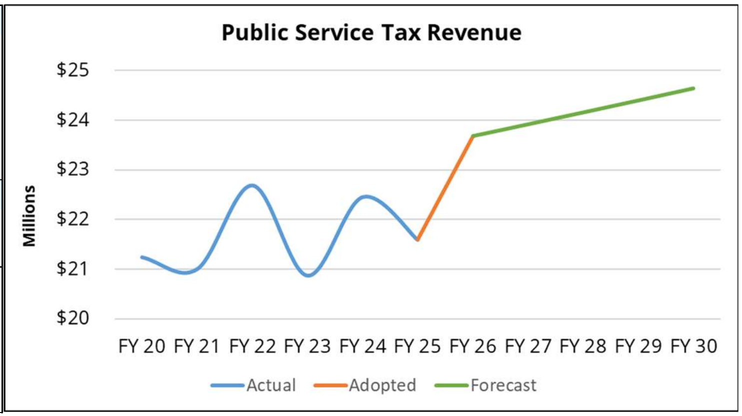
Exonerations are decreases in revenue due to assessment reductions, changes in tax liability, or tax relief programs. Assessment reductions are typically caused by appeals of assessed values. Changes in tax liability occur when a property transfers from taxable to tax-exempt status. Taxes are also exonerated on properties whose owners qualify for the Tax Relief Program for the Elderly and Disabled or the Tax Relief Programs for Disabled Veterans and Surviving Spouses. Tax relief is expected to increase approximately 4% in each year of the forecasting period.

## Public Service Taxes

State-valued public service companies are assessed by the State Corporation Commission (SCC) and the Virginia Department of Taxation but taxed locally. The SCC assesses all telecommunications companies, water companies, intrastate gas pipeline distribution companies, and electric light and power corporations. The Virginia Department of Taxation assesses railroads and interstate pipeline transmission companies. Assessment values are provided to the County in September of each year.

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

| **Fiscal Year** | | **Actual** | **% Change** |
|---|---|---|---|
| FY 20 | $ | 21,241,234 | 4.66% |
| FY 21 | $ | 21,002,409 | -1.12% |
| FY 22 | $ | 22,687,794 | 8.02% |
| FY 23 | $ | 20,871,296 | -8.01% |
| FY 24 | $ | 22,453,228 | 7.58% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 21,590,000 | -3.84% |
| FY 25 Revised (Q3) | $ | 23,804,000 | 6.02% |
| **FY 26 Adopted** | **$** | **23,676,000** | **-0.54%** |
| FY 27 | $ | 23,913,000 | 1.00% |
| FY 28 | $ | 24,152,000 | 1.00% |
| FY 29 | $ | 24,393,000 | 1.00% |
| FY 30 | $ | 24,637,000 | 1.00% |



## Real Estate Tax Deferrals

Under the modified accrual basis of accounting (required for Governmental Funds, including the General Fund), revenues must be recorded when susceptible to accrual, meaning that to be considered revenue of the reporting period, the amount must be both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers the availability period for all significant revenue sources to be 60 days after the end of the current fiscal period. Accordingly, real property and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes billed prior to fiscal year end, but not collected within 60 days after year-end, are reflected as deferred inflows of resources.

## Land Redemption

Land redemption is the recognition of real estate taxes collected after being more than three years' delinquent. The Code of Virginia allows Prince William County to pursue the collection of delinquent real estate taxes for twenty years. This revenue category varies depending on the amount of unpaid taxes three years and older, and the level of success in collecting these past due amounts. A variety of methods are used to enforce the collection of back taxes, including filing suit to force the sale of the property for unpaid taxes. Unpaid land redemption taxes, as of June 30, 2024, were $1,219,321.

## Real Estate Penalties

Prince William County assesses a penalty on the past due payment of real estate taxes on the unpaid original tax balance. Interest at the rate of 10% per annum is added to any unpaid balance beginning on the first day of the month following the original due date.

| Fiscal Year | | Actual | % Change |
|---|---|---|---|
| FY 20 | $ | 1,626,344 | 12.59% |
| FY 21 | $ | 1,341,817 | -17.49% |
| FY 22 | $ | 2,140,993 | 59.56% |
| FY 23 | $ | 2,386,232 | 11.45% |
| FY 24 | $ | 2,418,966 | 1.37% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 2,462,000 | 1.78% |
| FY 25 Revised (Q3) | $ | 2,549,000 | 5.38% |
| **FY 26 Adopted** | **$** | **2,789,000** | **9.42%** |
| FY 27 | $ | 2,968,000 | 6.42% |
| FY 28 | $ | 3,153,000 | 6.23% |
| FY 29 | $ | 3,345,000 | 6.09% |
| FY 30 | $ | 3,546,000 | 6.01% |

## Interest on Taxes

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

| Fiscal Year | | Actual | % Change |
|---|---|---|---|
| FY 20 | $ | 1,266,688 | -1.38% |
| FY 21 | $ | 1,560,484 | 23.19% |
| FY 22 | $ | 2,059,846 | 32.00% |
| FY 23 | $ | 2,139,401 | 3.86% |
| FY 24 | $ | 1,669,019 | -21.99% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 2,508,000 | 50.27% |
| FY 25 Revised (Q3) | $ | 2,508,000 | 50.27% |
| **FY 26 Adopted** | **$** | **2,444,000** | **-2.55%** |
| FY 27 | $ | 2,568,000 | 5.07% |
| FY 28 | $ | 2,697,000 | 5.02% |
| FY 29 | $ | 2,834,000 | 5.08% |
| FY 30 | $ | 2,975,000 | 4.98% |

# Personal Property Revenue

Personal Property revenues are broken down into the following categories: vehicles, motor vehicle license fee, business tangible property, personal property prior year, deferral, and penalties.

## Vehicles

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

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

*Car Tax Relief*

The County receives a fixed amount of $54.3 million each year as reimbursement from the Commonwealth pursuant to the Personal Property Tax Relief Act (PPTRA), Code of Virginia § 58.1-3524, for providing tangible personal property tax relief on qualifying vehicles. Each year, County staff must determine the reimbursement percentage based on the County’s fixed reimbursement from the state and an estimate of the number and value of vehicles that will be eligible for tax relief. For tax year 2025 (FY 2026), the reduction in the property tax on qualifying vehicles is estimated to equal 37% of the personal property tax on the first $20,000 of assessed value. Qualifying vehicles with an assessed value of $1,000 or less receive relief equal to 100% of the tangible personal property tax.

### *Personal Property Tax Estimate on Vehicles*

Personal property tax revenue from vehicles is estimated based on the number of vehicles present in the county and their estimated average assessed value.

Virginia law requires localities to use a nationally recognized pricing guide as the basis for the assessment of vehicles. Prince William County contracts with the J.D. Power National Automobile Dealers Association (NADA), as approximately 95% of all vehicles in the County can be assessed using the J.D. Power NADA car value guide. Vehicles are assessed using the clean trade-in value for automobiles, trucks, and vans. Newer vehicles not listed in the January guide are assessed at a percentage of cost, or if cost information is unavailable a percentage of the manufacturer's suggested retail price (MSRP). Vehicles older than those listed in the guide are valued at a percentage of cost, a percentage of the prior year's assessment, or other method that is representative of the value. Trailers are assessed using a depreciation schedule[2].

Normally, Personal Property Tax payments are due by October 5th. But on September 10, 2024[3], the Board of County Supervisors unanimously voted to extend the FY 2025 vehicle payment deadline by 60 days to offer residents a measure of temporary relief amid vehicle valuations that continue to be elevated, coupled with the declining percentage of tax relief allocated under the Personal Property Tax Relief Act (PPTRA).

The implementation of tariffs imposed by the Trump administration are positioned to spawn stout headwinds for the automotive sector unless all, or a material portion, of the new levies are rescinded. In a recent note, Cox Automotive portrayed a somber outlook for the automotive industry and consumers. "As pre-tariff inventory is depleted, automakers distribute these additional costs across their entire portfolio of vehicles. Over time, we can expect a decline in both production and sales, leading to increased prices for both new and used cars."

The County previously combined the reporting of all Personal Property Tax revenues (Vehicle and Business Tangible). To provide greater transparency, these two revenue sources are now separated. The chart and table provide total revenue generated for

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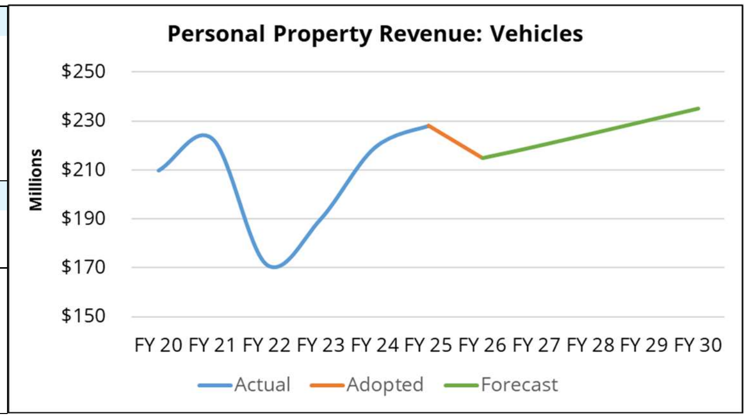
[2] Trailer depreciation schedule: pwcva.gov/department/tax-administration

[3] BOCS September 10, 2024, Res. No. 24-617

FY 2020 and FY 2021. Beginning with FY 2022, the data only reflects the vehicle portion.

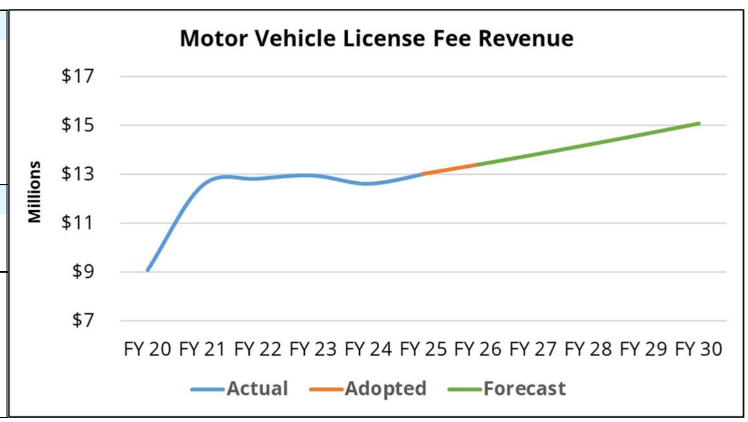
| Fiscal Year | | Actual | % Change |
|---|---|---|---|
| FY 20 | $ | 209,704,787 | 7.21% |
| FY 21 | $ | 222,643,365 | 6.17% |
| FY 22 | $ | 171,226,400 | |
| FY 23 | $ | 189,777,206 | 10.83% |
| FY 24 | $ | 218,970,738 | 15.38% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 228,000,000 | 4.12% |
| FY 25 Revised (Q3) | $ | 223,000,000 | 1.84% |
| **FY 26 Adopted** | **$** | **214,900,000** | **-3.63%** |
| FY 27 | $ | 219,700,000 | 2.23% |
| FY 28 | $ | 224,800,000 | 2.32% |
| FY 29 | $ | 230,000,000 | 2.31% |
| FY 30 | $ | 235,200,000 | 2.26% |




## Motor Vehicle License Fee

Code of Virginia § 46.2-752 authorizes the County to levy a vehicle license fee[4]. The amount of the license fee cannot be greater than the annual or one-year fee imposed by the Commonwealth on motor vehicles. The adopted local fee is $33 per year for each passenger car and truck normally garaged or parked in the County. The adopted fee per year for each motorcycle is $20. The license fee revenue forecast is based upon an estimate of billable units in the County.

| Fiscal Year | | Actual | % Change |
|---|---|---|---|
| FY 20 | $ | 9,086,293 | 1.11% |
| FY 21 | $ | 12,549,722 | 38.12% |
| FY 22 | $ | 12,813,864 | 2.10% |
| FY 23 | $ | 12,947,079 | 1.04% |
| FY 24 | $ | 12,610,447 | -2.60% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 13,000,000 | 3.09% |
| FY 25 Revised (Q3) | $ | 13,000,000 | 3.09% |
| **FY 26 Adopted** | **$** | **13,390,000** | **3.00%** |
| FY 27 | $ | 13,791,700 | 3.00% |
| FY 28 | $ | 14,205,451 | 3.00% |
| FY 29 | $ | 14,631,615 | 3.00% |
| FY 30 | $ | 15,070,563 | 3.00% |




[4] On April 28, 2020, the BOCS increased the vehicle license fee effective FY 2021 to $33 from $24 for passenger cars and trucks and to $20 from $12 for motorcycles. The prior rates were in place since 2006.

## Business Tangible Property

The business tangible property category includes assets such as business equipment furniture, fixtures, computer equipment and peripherals, and machinery and tools used in commercial operations within Prince William County.

Business owners are required to file an annual report with the Director of Finance, listing all tangible property located in the County as of January 1 that is used or available for use in business. This report must include a detailed inventory of assets, along with original cost and year of purchase. The Director of Finance uses this information to assess the taxable value of the property by applying depreciation factors based on the year of acquisition. These factors account for normal wear and tear, technological obsolescence, and diminished functionality over time.

In FY 2024 computer equipment and peripherals accounted for approximately 72% of total business tangible property tax revenue. Business furniture and fixtures accounted for 26%, while machinery and heavy equipment contributed the remaining 2%.

Per Code of Virginia § 58.1-13506, tangible personal property is categorized for taxation purposes. Computer equipment and peripherals may be taxed at separate rates under two specific classifications:

- Programmable computer equipment and peripherals employed in a trade or business (Section A27)
- Programmable computer equipment and peripherals used in a data center (Section A43)

In an effort to provide relief to Prince William County residents and for the first time since 1990, the personal property tax rate (per $100 of taxable assessed value) on vehicles was reduced from $3.70 to $3.50 during adoption of the FY 2026 budget. Simultaneously, the business personal property tax rate on computer equipment and peripherals used in a data center increased from $3.70 to $4.15 [5]:

The increase in the General Classification Tax Rate from the prior rate of $3.70 and is expected to drive revenue growth, particularly from equipment housed in data centers.

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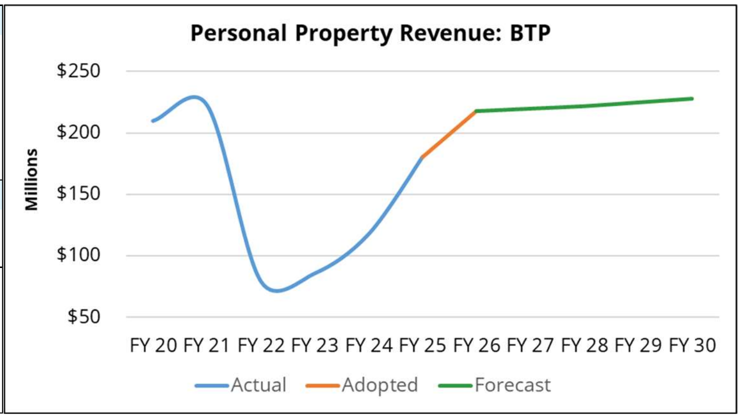
[5] On April 24, 2025, the BOCS adopted to increase the General Classification of tangible personal property tax rate to $4.15 from $3.70.

The County previously reported combined revenues from Personal Property tax (Vehicle and Business Tangible). Beginning in FY 2022, vehicle and business tangible revenues are reported separately to enhance transparency. The accompanying chart and table reflect total revenues for FY 2020 and FY 2021, and business tangible property revenues only starting in FY 2022.

| Fiscal Year | | Actual | % Change |
|---|---|---|---|
| FY 20 | $ | 209,704,787 | 7.21% |
| FY 21 | $ | 222,643,365 | 6.17% |
| FY 22 | $ | 79,155,726 | |
| FY 23 | $ | 85,700,563 | 8.27% |
| FY 24 | $ | 117,826,340 | 37.49% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 180,700,000 | 53.36% |
| FY 25 Revised (Q3) | $ | 179,000,000 | 51.92% |
| **FY 26 Adopted** | **$** | **217,995,500** | **21.79%** |
| FY 27 | $ | 219,995,500 | 0.92% |
| FY 28 | $ | 221,995,500 | 0.91% |
| FY 29 | $ | 224,995,500 | 1.35% |
| FY 30 | $ | 227,995,500 | 1.33% |




## Personal Property Prior Year

Changes to prior year personal property taxes because of alterations in the estimated allowance for uncollectible taxes are recorded as a separate revenue line for accounting purposes. These revenues are less than $500,000 a year and are therefore not addressed in detail.

## Personal Property Deferrals

Under the modified accrual basis of accounting (required for Governmental Funds, including the General Fund), revenues must be recorded when susceptible to accrual, meaning that to be considered revenue of the reporting period, the amount must be both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers the availability period for all significant revenue sources to be 60 days after the end of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes billed prior to fiscal year end, but not collected within 60 days after year-end, are reflected as deferred inflows of resources.

## Personal Property Penalties - Current Year

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

Personal property penalty revenue is projected to increase in each year of the FY 2026-2030 forecast period due to the increase in the estimate of personal property taxes billed each year.

# Local Sales Tax

Prince William County, by adopted ordinance, has elected to levy 1% local sales and use tax on the sale, lease, or rental of tangible property, excluding motor vehicle sales and trailers, vehicle rentals, boat sales, gasoline sales, natural gas, electricity, and water, and the purchases by organizations that have received tax-exempt status. The Virginia Department of Taxation administers, collects, and distributes the tax for all localities.

The County shares a portion of its collections with its four incorporated towns – Dumfries, Haymarket, Occoquan, and Quantico – based on the relative school-aged population from the most recent statewide school census. This demographic data, provided by the Weldon Cooper Center for Public Service, typically results in Prince William County retaining approximately 98% of total collections.

Despite the national economy contracting in the first quarter of 2025, as Gross Domestic Product (GDP) declined at an annualized rate of 0.3%, key indicators remain stable and support continued consumer activity. Inflation has moderated with the Consumer Price Index (CPI) rising 2.4% year-over-year as of March 2025, and the Personal Consumption Expenditures (PCE) price index increasing 2.3% during the same period.

Virginia’s economy continues to show resilience. The Virginia Employment Commission reports broad-based job growth and a strong labor market, contributing to sustained consumer spending across the Commonwealth. Statewide sales and use tax collections for FY 2024 totaled $9.24 billion, reflecting steadfast consumption activity.

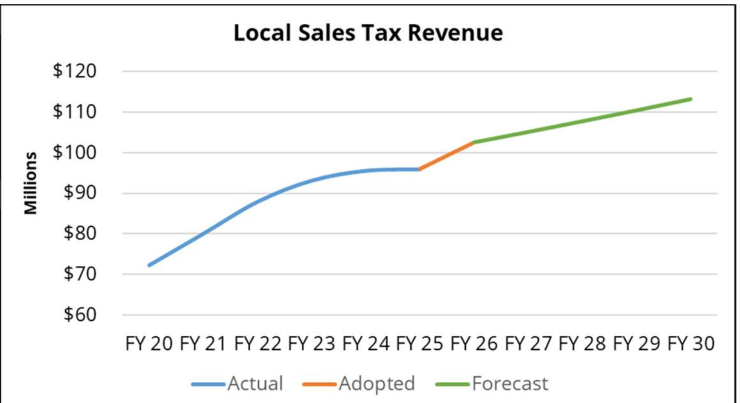
In Prince William County, local sales tax revenue for FY 2024 totaled $95.7M. The FY 2025 adopted budget projected collections of $96 million, with year-to-date trends showing collections will surpass the current forecast. The County anticipates a modest increase in FY 2026 revenues, driven by local and macroeconomic factors, and aligning its forecast with Virginia's Department of Taxation estimates of local option sales and use tax to be distributed to localities during FY 2026.

Several fundamentals continue to support growth in local sales tax revenue:

- A diverse and expanding retail base
- Sustained population growth and high consumer demand
- A high median household income, now estimated at $128,900[6]
- Continued wage growth and low unemployment
- Ongoing expansion of remote and online sellers, now subject to tax collection under Virginia law[7]

Together, these factors form the basis for the County's FY 2026 local sales tax forecast of $102.5 million, reflecting both economic resilience and strategic conservatism in the face of mixed national signals.

| Fiscal Year | | Actual | % Change |
|---|---|---|---|
| FY 20 | $ | 72,320,380 | 5.27% |
| FY 21 | $ | 80,111,594 | 10.77% |
| FY 22 | $ | 88,000,334 | 9.85% |
| FY 23 | $ | 93,210,763 | 5.92% |
| FY 24 | $ | 95,654,382 | 2.62% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 96,000,000 | 0.36% |
| FY 25 Revised (Q3) | $ | 100,000,000 | 4.54% |
| **FY 26 Adopted** | **$** | **102,500,000** | **2.50%** |
| FY 27 | $ | 105,062,500 | 2.50% |
| FY 28 | $ | 107,689,063 | 2.50% |
| FY 29 | $ | 110,381,289 | 2.50% |
| FY 30 | $ | 113,140,821 | 2.50% |




## Food and Beverage Tax

Effective July 1, 2022, Prince William County began levying a 4% tax on the purchase of prepared food and beverages sold by restaurants and other qualifying businesses. The initial forecast estimated that this tax would generate $30-40 million annually over a five-year period. Actual collections for FY 2024 totaled approximately $45

[6] Source: U.S. Census Bureau 2023 American Community Survey (ACS) 5-Year Estimate.

[7] Effective July 1, 2019, HB 1722/SB 1083 - Remote Sales & Use Tax Collection.

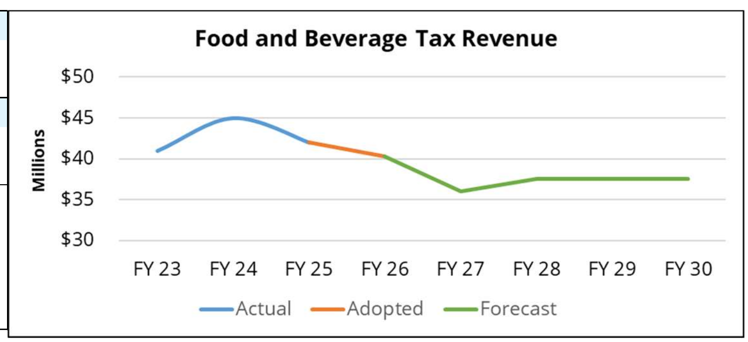
million, reflecting steady post-pandemic consumer spending in the dining sector. While the adopted FY 2025 Budget projected a drop to $42 million, year-to-date performance suggests actuals will likely reach $44 million, closing the gap and showing resilience in discretionary spending.

For FY 2026, the County is projecting $40 million in revenue, a decline driven by a BOCS planned tax policy change: the local tax rate on prepared food and beverages is expected to decrease from 4% to 3% effective January 1, 2026[8]. As a result, half of FY 2026 collections will reflect the lower rate, creating a structural reduction despite steady underlying demand.

Eating out continues to be a resilient form of discretionary spending, often viewed by consumers as a manageable luxury even in the face of broader economic uncertainty. This behavioral trend has helped keep revenues relatively stable across fiscal years, supported by strong labor market conditions and household incomes that remain well above national averages. While the national economy posted a modest contraction in Q1 2025, and inflation indicators have softened, consumer confidence has not significantly eroded in Prince William County. The County population continues to grow, and retail and hospitality sectors remain active, suggesting that demand for dining and convenience services is not expected to sharply decline.

The FY 2026 forecast reflects both the anticipated rate reduction and the County's conservative approach to budgeting. Although the rate change will lower revenue potential, the strength of the local economy, continued population growth, and durable consumer habits offer a buffer against significant volatility in this revenue category.

| **Fiscal Year** | | **Actual** | **% Change** |
|---|---|---|---|
| FY 23 | $ | 40,984,363 | |
| FY 24 | $ | 44,953,500 | 9.68% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 42,000,000 | -6.57% |
| FY 25 Revised (Q3) | $ | 44,000,000 | -2.12% |
| **FY 26** | **$** | **40,250,000** | **-8.52%** |
| FY 27 | $ | 36,000,000 | -10.56% |
| FY 28 | $ | 37,500,000 | 4.17% |
| FY 29 | $ | 37,500,000 | 0.00% |
| FY 30 | $ | 37,500,000 | 0.00% |




[8] Change to the food & beverage local tax rate requires a public hearing and amendment of the Prince William County Code of Ordinances.

## Consumer Utility Tax

Prince William County levies a consumer utility tax on electric and natural gas utilities. The County does not tax water and sewer services. Effective January 1, 2001, the Code of Virginia[9] required Prince William County to convert its existing tax on purchasers of natural gas and electricity from a dollar-based tax to a consumption-based tax.

Since consumer utility taxes are capped, inflation and utility rate increases are not a factor in the five-year forecast. As reported by the Office of Real Estate Assessments, the FY 2026-2030 forecast reflects stable growth (400 units annually) in new residential housing units. Accordingly, staff has projected a conservative revenue forecast during this same period, as new home construction development has leveled out.

The levy for *electricity*[10] consumption based on kilowatt-hours (kWh) is:

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

The levy for *natural gas*[11] consumption based on 100 units of cubic feet (CCF) is:

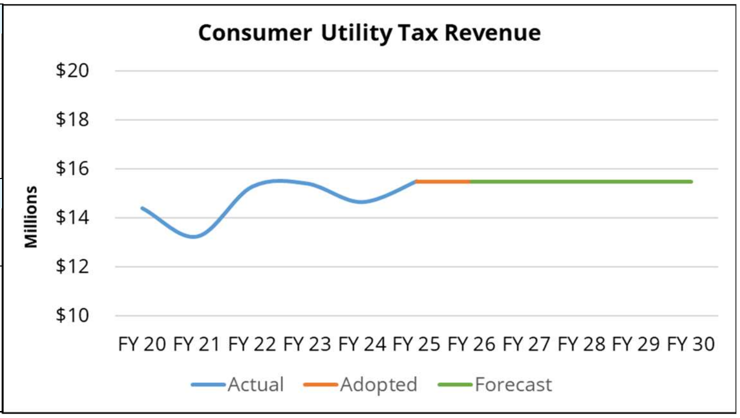
- Residential consumers: $1.60 minimum billing charge plus the rate of $0.06 on each CCF delivered monthly to residential consumers, not to exceed $3.00 per month.
- Commercial consumers: $3.35 minimum billing charge plus the rate of $0.085 on each CCF delivered monthly to commercial consumers, not to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

[9] Code of Virginia § 58.1-3814.

[10] Prince William County, VA-Code of Ordinances Sec. 26-111.

[11] Prince William County, VA-Code of Ordinances Sec. 26-112.

| Fiscal Year | | Actual | % Change |
|---|---|---|---|
| FY 20 | $ | 14,407,996 | -0.24% |
| FY 21 | $ | 13,266,498 | -7.92% |
| FY 22 | $ | 15,278,138 | 15.16% |
| FY 23 | $ | 15,407,848 | 1.04% |
| FY 24 | $ | 14,658,210 | -4.87% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 15,500,000 | 5.74% |
| FY 25 Revised (Q3) | $ | 15,500,000 | 5.74% |
| **FY 26 Adopted** | **$** | **15,500,000** | **0.00%** |
| FY 27 | $ | 15,500,000 | 0.00% |
| FY 28 | $ | 15,500,000 | 0.00% |
| FY 29 | $ | 15,500,000 | 0.00% |
| FY 30 | $ | 15,500,000 | 0.00% |




## Communications Sales and Use Tax

Under legislation enacted by the 2006 General Assembly, House Bill 568, the Virginia communications sales and use tax, also referred to as the communications sales tax, replaced most of the previous state and local taxes and fees on communications services, effective January 1, 2007.

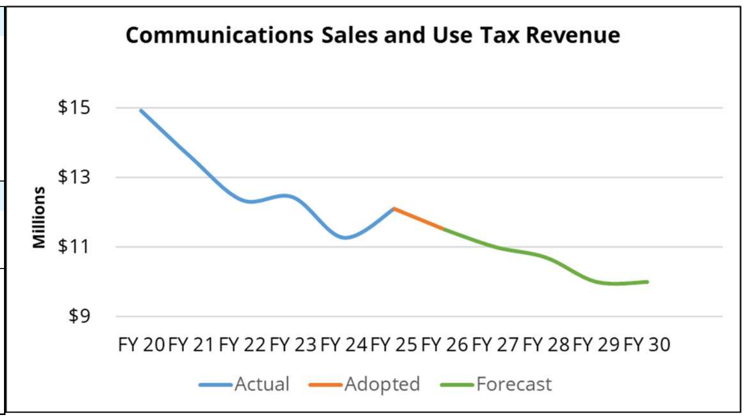
The communications sales tax, imposed on the charge for sale of telecommunications services at the rate of 5%, is collected from consumers by their service providers and remitted to the Virginia Department of Taxation each month. Services subject to the tax include, but are not limited to:

- Landline, wireless and satellite telephone services (including but not limited to local, intrastate, interstate, and international service) including Voice Over Internet Protocol (VOiP).
- Cable television (including but not limited to basic, extended, premium, pay-per-view, video on demand, digital, high definition, video recorder, music services and fees for additional outlets).
- Satellite television and satellite radio.

As enumerated in § 58.1-662 of the Code of Virginia, the communications sales and use tax revenue will be distributed by Virginia Tax to localities according to the percentage of telecommunications and cable television tax revenue each locality received in 2006 relative to the statewide total. The County's current allocation is 4.6% of the statewide telecommunications sales and use tax.

This revenue source continues to decline as landline usage decreases. While there is a significant lag in the data, the most current published preliminary results from the National Center for Health Statistics' July – December 2023 National Health Interview Survey (NHIS), released June 2024, indicate that the percentage of adults and children living in wireless-only households have been increasing since 2003. The survey states that over the six-month period, 76.0% of adults lived in households that did not have a landline telephone but did have at least one wireless telephone. Additionally, as part of the Commonwealth's biennium budget, an annual deposit[12] to the Commonwealth's general fund of $2 million is appropriated to cover the direct cost of administration incurred by the Commonwealth's Department of Taxation, further reducing the revenue that is allocated to the localities. Revenues are projected to decline in FY 2026 and the outyears as this revenue source continues its downward trajectory.

| Fiscal Year | | Actual | % Change |
|---|---|---|---|
| FY 20 | $ | 14,914,152 | -2.46% |
| FY 21 | $ | 13,560,708 | -9.07% |
| FY 22 | $ | 12,347,160 | -8.95% |
| FY 23 | $ | 12,434,177 | 1.04% |
| FY 24 | $ | 11,272,071 | -9.35% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 12,100,000 | 7.34% |
| FY 25 Revised (Q3) | $ | 12,100,000 | 7.34% |
| **FY 26 Adopted** | **$** | **11,500,000** | **-4.96%** |
| FY 27 | $ | 11,000,000 | -4.35% |
| FY 28 | $ | 10,700,000 | -2.73% |
| FY 29 | $ | 10,000,000 | -6.54% |
| FY 30 | $ | 10,000,000 | 0.00% |




## Business, Professional, and Occupational License Tax

The Business, Professional, and Occupational License (BPOL) tax is imposed on commercial and home occupational businesses operating in Prince William County. The County has adopted a multiple tax rate schedule according to the type of business activity subject to the tax. The BPOL tax is currently levied on[13]:

- County businesses with annual gross receipts (from the prior calendar year) greater than $500,000;

[12] 2018 Appropriation Act, Chapter 2 paragraph KK.

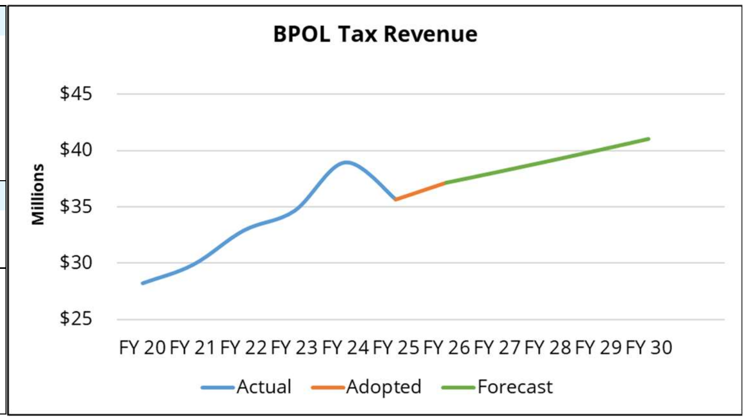
[13] On November 21, 2017, the BOCS amended Prince William County, VA-Code of Ordinances Sec. 11.1-17 to increase the gross receipts threshold for business from $400,000 to $500,000 for FY 2018 and subsequent license years thereafter.

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

BPOL tax revenue is made up of the following components: retail (42%), building construction (24%), business services (20%), professional services (12%), and hotels and other (2%).

The trajectory of business recovery continues to play a large role in the growth of this revenue source. The FY 2026-2030 forecast reflects a conservative increase in total revenues.

| Fiscal Year | | Actual | % Change |
|---|---|---|---|
| FY 20 | $ | 28,236,279 | 4.79% |
| FY 21 | $ | 29,882,073 | 5.83% |
| FY 22 | $ | 32,910,130 | 10.13% |
| FY 23 | $ | 34,636,305 | 1.04% |
| FY 24 | $ | 38,921,579 | 12.37% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 35,675,000 | -8.34% |
| FY 25 Revised (Q3) | $ | 39,572,000 | 1.67% |
| **FY 26 Adopted** | **$** | **37,167,000** | **2.50%** |
| FY 27 | $ | 38,096,000 | 2.50% |
| FY 28 | $ | 39,048,000 | 2.50% |
| FY 29 | $ | 40,024,000 | 2.50% |
| FY 30 | $ | 41,025,000 | 2.50% |




## Investment Income

Investment income represents interest receipts, interest accrual, and gains or losses from the sale of investments for Prince William County's share of earnings on the General Pool "general" investment portfolio. When compared to proceeds from County bond issuances, which have strict requirements as to how they are spent, the general portfolio consists of invested funds that are classified as unrestricted. All monies are invested in accordance with the Code of Virginia and the BOCS Adopted Investment Policy that sets the County's investment guidelines based on the core principles of legality, safety, liquidity, and yield.

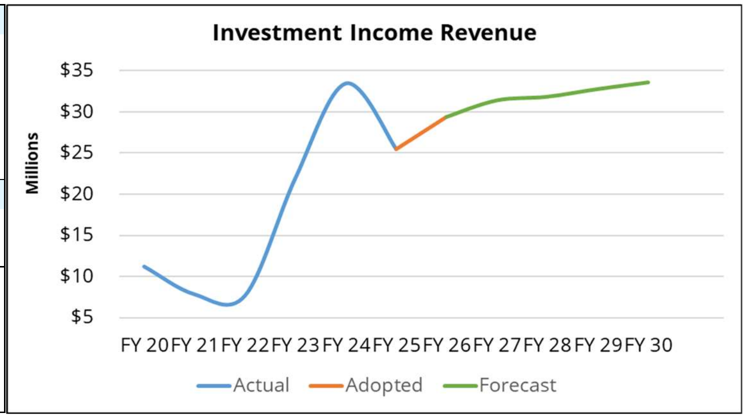
Prince William County's investment strategy addresses these guidelines by investing in a diversified group of assets comprised of cash and cash equivalents, U.S. Government and Agency securities, and high-quality Municipal and Corporate bonds while maintaining sufficient liquidity to meet anticipated operating requirements. In addition, the County seeks to maximize yield, without compromising protection of principal, by constructing a maturity profile that strives to accurately assess forthcoming cash flow commitments.

The investment income forecast is fabricated by projecting an average rate of return for cash/cash equivalents and fixed income securities and the total dollar value of the portfolio. The output forms a baseline estimate of investment income for the upcoming fiscal year and subsequent outyears. The general fund share is calculated based on the prior year's actual share of cash balances available to invest.

Because the average total dollar value of the portfolio is impacted by a combination of County revenues and expenses, the revenue forecast itself becomes a key determinate of interest income. Furthermore, the projected average portfolio values also consider historical revenue trends in the first half and second half of the fiscal year. Increases in portfolio size typically come from additions to fund balance/year-end savings, as well as a portion of annual revenue growth. Based on the general portfolio's historic trajectory, a growth factor was applied to fiscal years 2026-2030 that will facilitate a reasonable expansion of portfolio assets. The general portfolio's average balance forecast for FY 2026 is $2.2 billion and is projected to reach $2.7 billion by FY 2030.

With Prince William County's portfolio earnings yield broadly correlated to the Federal Funds Rate and current holdings in the portfolio, the return generated on assets held in the County's general portfolio will be shaped by the interest rate environment at the time funds are invested, the weighted average maturity of portfolio assets, and future cash flow obligations. Economic data released over the first several months of 2025 has pointed to a U.S. economy that, although moderating, has remained relatively stable. But following President Trump's reciprocal tariffs announcement on April 2nd, uncertainty has formed around the potential impact to economic stability. Given the elevated level of volatility that followed the announcement, the financial markets' message was clear – the proposed tariff regime could damage growth, spark inflation, raise unemployment and weaken the dollar's presence on the international stage. The FY 2026 Investment Income projection incorporates multiple interest rate cuts to the Federal Funds rate leading into June 30, 2026, underpinned by a scenario of subdued economic growth, rising unemployment and a Federal Reserve that will attempt to support the labor market and economic growth if conditions deteriorate.

| Fiscal Year | | Actual | % Change |
|---|---|---|---|
| FY 20 | $ | 11,180,034 | -6.00% |
| FY 21 | $ | 7,804,185 | -30.20% |
| FY 22 | $ | 7,638,016 | -2.13% |
| FY 23 | $ | 21,905,605 | 1.04% |
| FY 24 | $ | 33,420,522 | 52.57% |
| **Fiscal Year** | | **Actual** | **% Change** |
| FY 25 Adopted | $ | 25,480,000 | -23.76% |
| FY 25 Revised (Q3) | $ | 37,000,000 | 10.71% |
| **FY 26 Adopted** | **$** | **29,400,000** | **-20.54%** |
| FY 27 | $ | 31,410,000 | 6.84% |
| FY 28 | $ | 31,850,000 | 1.40% |
| FY 29 | $ | 32,780,000 | 2.92% |
| FY 30 | $ | 33,590,000 | 2.47% |




## ALL OTHER REVENUE SOURCES

Listed below are additional general revenue sources estimated in total to be less than $25 million. The forecast and a description of each revenue source follows:

| FY2026-2030 GENERAL COUNTY REVENUE - PRELIMINARY ESTIMATE BY CATEGORY: ALL OTHER REVENUE | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | FY 2026 | | FY 2027 | | FY 2028 | | FY 2029 | | FY 2030 | |
| **REVENUE SOURCE** | **OBJ** | **Forecast** | | **Forecast** | | **Forecast** | | **Forecast** | | **Forecast** | |
| Interest on Taxes | 40140 | $ | 2,444,000 | $ | 2,568,000 | $ | 2,697,000 | $ | 2,834,000 | $ | 2,975,000 |
| Daily Rental Equipment Tax | 40215 | $ | 1,700,000 | $ | 2,000,000 | $ | 2,200,000 | $ | 2,400,000 | $ | 2,700,000 |
| Consumption Tax | 40221 | $ | 2,800,000 | $ | 3,000,000 | $ | 3,000,000 | $ | 3,000,000 | $ | 3,000,000 |
| Bank Franchise Tax | 40230 | $ | 3,000,000 | $ | 3,200,000 | $ | 3,400,000 | $ | 3,500,000 | $ | 3,600,000 |
| Tax on Deeds | 40261 | $ | 2,800,000 | $ | 2,800,000 | $ | 2,800,000 | $ | 2,800,000 | $ | 2,800,000 |
| Transient Occupancy Tax | 40270 | $ | 2,600,000 | $ | 2,600,000 | $ | 2,700,000 | $ | 2,700,000 | $ | 2,800,000 |
| Cigarette Tax | 40280 | $ | 3,800,000 | $ | 3,500,000 | $ | 3,000,000 | $ | 3,000,000 | $ | 3,000,000 |
| Interest Paid to Vendors | 40520 | $ | (100,000) | $ | (100,000) | $ | (100,000) | $ | (100,000) | $ | (100,000) |
| Interest Paid on Refunds | 40521 | $ | (20,000) | $ | (20,000) | $ | (20,000) | $ | (20,000) | $ | (20,000) |
| Rolling Stock Tax | 41303 | $ | 95,000 | $ | 95,000 | $ | 95,000 | $ | 95,000 | $ | 95,000 |
| Passenger Car Rental Tax | 41304 | $ | 1,400,000 | $ | 1,430,000 | $ | 1,470,000 | $ | 1,510,000 | $ | 1,550,000 |
| Manufactured Home Tilting Tax | 41305 | $ | 50,000 | $ | 50,000 | $ | 50,000 | $ | 50,000 | $ | 50,000 |
| Peer-to-Peer Vehicle Sharing Tax | 41306 | $ | 50,000 | $ | 50,000 | $ | 50,000 | $ | 50,000 | $ | 50,000 |
| Federal Payment in Lieu of Taxes | 41700 | $ | 80,000 | $ | 80,000 | $ | 80,000 | $ | 80,000 | $ | 80,000 |
| Undistributed & Miscellaneous | 41150 | $ | 100,000 | $ | 100,000 | $ | 100,000 | $ | 100,000 | $ | 100,000 |
| **ALL OTHER REVENUE** | | **$** | **20,799,000** | **$** | **21,353,000** | **$** | **21,522,000** | **$** | **21,999,000** | **$** | **22,680,000** |

### Daily Rental Equipment Tax

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

## Bank Franchise Tax

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

## Consumption Tax

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

## Tax on Deeds

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

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

The tax on deeds rate is $1.00 per $1,000 of value. The State and locality each receive half of the revenue generated by this tax (equal to $0.50 per $1,000 of value). The revenue forecast reflects only Prince William County's share of revenues. Growth in this revenue source over the last two years has been driven more by price appreciation and less by sales activity as the local housing market has remained challenged by limited inventory. The average 30-year fixed rate mortgage peaked in November at 7.76% and has stabilized around 6%-7%. Homebuyer uncertainty surrounding affordability, tight inventory, and ongoing inflation also factor into the projections.

## Transient Occupancy Tax

The County levies a transient occupancy tax (TOT) of 5% of the amount charged for the occupancy of hotels, motels, boarding houses, travel campgrounds and other facilities offering guest rooms rented out for continuous occupancy for periods of 30 days or less. This tax does not apply to miscellaneous charges such as in-room telephone usage, movie rentals, etc. The general revenue share of this tax is 40% and the remaining 60% is budgeted for tourism-related purposes. Appropriation by the BOCS is based on budgetary requirements requested by the Department of Economic Development & Tourism. The transient occupancy tax forecast is based on the number of hotel rooms, occupancy rates, room rates and tourism related events.

There is an additional 3%[14] transient occupancy tax on the amount of the charge for the occupancy of any room or space occupied in the County, as a member of the Northern Virginia Transportation Authority (NVTA), with 2% earmarked for public transportation purposes and 1% used for any transportation purpose. [Note: This revenue is not included in the general revenue estimate.]

Prince William County's tourism industry is substantial, ranking among the top ten travel destinations in Virginia. The hospitality and tourism sector in the County has experienced promising trends and developments, with several new businesses and attractions enhancing the local tourism experience. In 2024 The Rose Gaming Resort opened in the Town of Dumfries, adding a new gaming component to Prince William's tourism industry. The expansion of NOVA LIVE (formally known as Farm Brew LIVE) with the addition of a hotel property, Tempo by Hilton, additional restaurants and the relocation of Murlarkey Distilled Spirits, will ensure NOVA LIVE becomes an ever-increasing tourism destination draw. The outlook for tourism in

[14] § 58.1-1744 (Effective May 21, 2021); Local transportation transient occupancy tax. Prior to May 1, 2021, rate of 2%.

Prince William County looks promising as additional new hotel inventory comes online in 2025-2027 creating new supply to accommodate the current and future hotel demand.

## Interest Paid to Vendors

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

## Interest Paid on Refunds

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

## Rolling Stock Tax

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

## Passenger Car Rental Tax

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

## Manufactured Home Titling Tax

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

## Peer-to-Peer Vehicle Sharing Tax

The 2020 Senate Bill 735 created the Virginia Motor Vehicle Rental and Peer-to-Peer (PTP) Vehicle Sharing Tax effective October 1, 2020. For PTP vehicle owners that list no more than ten different vehicles on any combination of vehicle sharing platforms at any one time, the PTP Tax will be levied at a rate of 7%[15] of the gross proceeds collected from the shared vehicle driver. An amount equal to 3% will be distributed quarterly to the County. The tax on large fleets, more than ten vehicles, will be the same as the Motor Vehicle Rental Tax (Passenger Car Rental Tax).

## Payments in Lieu of Taxes (PILT)

Payments in Lieu of Taxes (PILT) are Federal payments to local governments that help offset losses in property taxes due to nontaxable Federal lands within their boundaries. The formula used to compute this payment is based on population, revenue-sharing payments, and the amount of Federal land within an affected county. On March 15, 2025, the U.S. Department of the Interior announced the President signed the Consolidated Appropriations Act, 2025 (P.L.119-4) which appropriated full funding for PILT. Payments are remitted annually to localities on or before June 30th. Also included in PILT are funds received from the U.S. Fish and Wildlife Service.

## Cigarette Tax

Effective July 1, 2021, Code of Virginia § 58.1-3830 authorized counties to levy a cigarette tax not to exceed two cents ($0.02) per cigarette sold or $0.40 per pack. The Northern Virginia Cigarette Tax Board (NVCTB) is the mechanism to collect and enforce cigarette taxes for Northern Virginia municipalities. On November 9, 2021,

[15] § 58.1-1736(D)(1) and (2)). Effective July 1, 2021.

the BOCS authorized through Ordinance No. 21-61 the levy of a cigarette tax of $0.40 per pack effective January 1, 2022, and delegated the NVCTB powers to administer, collect and enforce the County's Cigarette Tax Ordinance. The NVCTB started to deposit Cigarette Tax revenues for Prince William County effective February 2022. In line with recent findings from the National Center for Health Statistics showing a consistent decline in the percentage of adults aged 18 and over who currently smoke cigarettes, the projected revenues are expected to decrease.

**Prince William County, Virginia**

Department of Finance

1 County Complex Court

Prince William, VA, 22192

703-792-6700

pwcva.gov/finance