



APPLICATION FORM

All applications must include the following information. Separate applications must be submitted for each eligible program. **Deadline: July 1, 2020.** Please include this application form with electronic entry. If you do not receive an email confirming receipt of your entry within 3 days of submission, please contact [Gage Harter](#).

PROGRAM INFORMATION

County: County of Loudoun, Virginia

Program Title: Loudoun County Implementation of Billing and Collection for Incorporated Towns

Program Category: Regional Collaboration

CONTACT INFORMATION

Name: Robert Tang

Title: Chief Deputy Treasurer

Department: Department of the Treasurer


Telephone: 703-777-0468 Website: _____

Email: Robert.Tang@loudoun.gov

SIGNATURE OF COUNTY ADMINISTRATOR OR DEPUTY/ASSISTANT COUNTY ADMINISTRATOR

Name: Charles Yudd

Title: Deputy County Administrator

Signature: 

Loudoun County Implementation of Billing and Collection for Incorporated Towns

EXECUTIVE SUMMARY

Loudoun County encompasses more than 400,000 residents and 7 incorporated towns. For many years, town residents received tax bills from both the county and from their respective towns with different due dates and payment methods, which led to confusion, late payments, frustrated taxpayers and the need to make separate payments to the towns and the county.

To improve the efficiency and effectiveness of tax collection for the County and the incorporated towns, Loudoun County has become the first jurisdiction within the Commonwealth of Virginia to take on the billing, collection, and administration of personal property and real property taxes for five of those towns: Leesburg, Lovettsville, Hillsboro, Middleburg and Round Hill. This joint solution improves service to our taxpayers by making the tax billing and collection process easier for taxpayers to understand, as town residents will receive one bill for both county and town taxes. In addition, the Commissioner of the Revenue for Loudoun County previously provided assessment data to the towns for their use in tax administration; by unifying the assessment and tax administration functions within the County government systems, the risk of error and duplication is reduced and the process simplified.

The county successfully implemented systems for billing and collection of Real Property taxes in 2019 and Personal Property taxes in 2020. The programs have transitioned to the county seamlessly while providing improved customer service, communication, and consolidated billing for the citizens.

This innovative program improves the administration of a major county government function -- the administration and collection of tax revenue. By partnering County and town functions, this program promotes intergovernmental cooperation and coordination in addressing shared

Loudoun County Implementation of Billing and Collection for Incorporated Towns

problems and meeting the needs of residents in a nonpartisan manner. This program changed legislation in Virginia and provides a template for other jurisdictions to successfully follow.

PROGRAM OVERVIEW

Loudoun County encompasses more than 400,000 residents and 7 incorporated towns. For many years, town residents received tax bills from both the county and from their respective towns with different due dates and payment methods, which led to confusion, late payments, frustrated taxpayers and the need to make separate payments to the towns and the county.

In the Commonwealth of Virginia, jurisdictions are supported by the taxing authority granted to each municipality. Counties, and incorporated towns within counties, can tax their residents to support various infrastructure costs. In Loudoun County, each town traditionally has been responsible for developing its own system of tax administration, including staff resources, third party vendors for printing and mailing bills, and system support for online payment options. Within Loudoun County, towns also rely on the annual real property assessment data developed by the county as their basis for taxing residents. For the incorporated towns within Loudoun County, the process of receiving assessment data from the county, uploading it to their own tax systems, and billing, printing mailing and collecting on tax bills on their personal property and real estate was burdensome, and a challenge for towns. A competitive job market in Northern Virginia also led to a shortage of qualified staff to manage these processes.

To improve the efficiency and effectiveness of tax collection for the County and the incorporated towns, Loudoun County became the first jurisdiction within the Commonwealth of Virginia to take on the billing, collection, and administration of personal property and real property taxes for five of those towns: Leesburg, Lovettsville, Hillsboro, Middleburg and Round Hill. This joint solution improves service to our taxpayers by making the tax billing and

Loudoun County Implementation of Billing and Collection for Incorporated Towns

collection process easier for taxpayers to understand, as town residents will receive one bill for both county and town taxes. In addition, the Commissioner of the Revenue for Loudoun County previously provided assessment data to the towns for their use in tax administration; by unifying the assessment and tax administration functions within the County government systems, the risk of error and duplication is reduced and the process simplified.

In July 2017, the Board of Supervisors authorized the County to begin seeking enabling legislation to begin providing billing and collection for the incorporated towns effective tax year 2019 for real property and tax year 2020 for personal property and license fees. As part of the assumption of these responsibilities the Board eliminated the vehicle decal requirement and increase the vehicle license fee effective July 1, 2018.

Assuming this responsibility provides a way for residents to receive one bill that incorporates both County and Town taxes. Town residents previously received a tax bill from the County and from their respective Town with differing due dates and payment methodologies. The Commissioner of the Revenue assesses both real estate and personal property located within the Towns and provided a file for each town to download into their respective tax systems. This initiative would eliminate the need to send these files and the need to provide updates when real or personal property is bought, sold, or improved. This initiative is designed to improve the administration of assessments by potentially reducing errors and duplication.

To allow the County to collect real and personal property taxes of the Towns and for the County to be compensated for the service, enabling legislation was required from the Virginia General Assembly. The County successfully pursued an amendment to Va. Code §58.1-3910, giving authority to the County Treasurer to enter into agreements with the towns located within the County. Meetings were held jointly and individually with the towns by the Treasurer and the

Loudoun County Implementation of Billing and Collection for Incorporated Towns

Commissioner of Revenue. The Board of Supervisors then adopted a resolution and enacted ordinances to allow the Treasurer to collect real and personal property taxes and vehicle license fees for the Towns. Memoranda of Understanding were negotiated with each town to establish terms and conditions of the billing and collection process, including payment to the County of set-up costs and compensation for the service, timing of remittance of revenue collected, and mechanisms for proper accounting of such funds, timing and requirements of information and fund for each of the towns. To enable centralized billing and collection, each participating Town needed to amend its tax related ordinances and business processes to align them with County tax ordinances and practices.

Loudoun County's tax administration information systems were enhanced to allow for separate billing of all town-specific taxes. The County and the towns shared the one-time cost for adding the town portion of the tax to the County system, including the ability to provide all the same tax-exempt programs to the town portion of taxes (e.g., tax relief for the elderly and disabled, or land use exemptions). Communications plans were developed not only for taxpayers to explain the changes, but for targeted communication to mortgage companies and their serving agents as well as title companies and settlement attorneys.

Starting January 1, 2019, the Loudoun County Treasurer's Office began billing and collecting town real estate taxes for five of the seven incorporated towns in the county:

- Hillsboro
- Leesburg
- Lovettsville
- Middleburg
- Round Hill

Loudoun County Implementation of Billing and Collection for Incorporated Towns

Residents and businesses receive consolidated bills that include both county and town taxes as separate line items. Taxes will continue to be billed in two installments per year (June and December).

The Treasurer includes the Towns' taxes as an additional line item on the bill, with each line reflecting the proper tax and amounts corresponding to the respective jurisdiction. A single payment for all amounts billed will be made to the Treasurer of Loudoun County. The Treasurer will process these payments, properly account for and reconcile all monies, and then, on a monthly basis, remit the appropriate proceeds to each Town. If collection activities become necessary, the County Treasurer will undertake action to collect just as is done for taxes owed to the County.

There are several costs regarding this program, including staffing costs, operating and maintenance costs, and costs associated with reprogramming the County's tax assessment and billing system. On an ongoing basis, the towns will pay a small percentage of all taxes collected to the County as a fee for administering the program. The County contributed 50 percent and the Towns will each contribute a pro-rated share of the remaining cost for one-time programming changes, which were estimated at \$200,000; the County's contribution did not exceed \$100,000.

One-time Program (Implementation) Costs

Item	One-time Cost
Tax system Programming	\$200,000
Town Contributions for System Programming	\$(100,000)
Total One-time Cost to County	\$100,000

Loudoun County Implementation of Billing and Collection for Incorporated Towns

Workload increases in the Office include Town tax billings on approximately 20,128 real estate parcels and 47,592 new personal property accounts, billed twice per year. The anticipated costs, including the addition of 2.00 FTE, are shown below:

Recurring Program Costs		
Item	Annual Cost	Fiscal Year
Financial Control Specialist (1.00 FTE)	\$94,000	2019
Collection Specialist (1.00 FTE)	\$67,00	2020
Operating and Maintenance • Lockbox and banking fee increases • Postage increases • Audit	\$62,000	2019
Total Annual Recurring Costs		\$223,000
Total Anticipated New Revenue		\$223,000
Net Impact to Local Tax Funding		\$0

As a result, the program is successful for the county, towns, and citizens. Below is a breakdown of each stakeholder and the outcome this program provided for each.

For the county:

- No manpower needed to provide assessment data
- Improved customer experience (fewer phone calls, redirecting customers to town offices)
- Better quality data: the Commissioner of the Revenue currently assesses both real estate and personal property located within the Towns and provides a file for each town to download into their respective tax systems. This new program eliminates the need for the

Loudoun County Implementation of Billing and Collection for Incorporated Towns

Commissioner to initially send these files to the towns, as well as providing updates when real or personal property is bought or sold. This improves the administration of assessments by reducing opportunities for error and duplication.

- The county was able to successfully consolidate billing for taxpayers for both Real Property and Personal Property taxes.
- The county successfully transitioned and communicated with taxpayers with the changes and collaboratively worked with town representatives to make the transition seamless.
- Provide safeguarding of funds and maintain a high collection rate.

For the towns:

- Improved collection rates and reduced costs.
- For one town:
 - First full-year annual net saving estimate of \$164,000
 - Estimated annual net savings of \$258,000 after the first year
 - Reduced risk of late billings and incorrect bills
 - The freeing up of town resources that are now being repurposed for financial systems and purchasing functions
- Reduce taxpayer calls redirected to the county.
- Reduce risk with the logistics of billing and collecting of taxes.

For the citizens:

- One-stop shopping for:
 - Paying real estate, personal property taxes
 - Registering vehicles
 - Reporting vehicle location changes
 - Good customer service for the taxpayer
- Navigating only one website

Loudoun County Implementation of Billing and Collection for Incorporated Towns

- Paying one combined bill
- Consistent Town and County tax calculations
- Customer service experience through the Treasurer's Office
- Only one set of due date for each tax

In conclusion, this program improves the administration of a major county government function - the administration and collection of tax revenue -- and has never been done before in the Commonwealth of Virginia. By partnering County and town functions, this program promotes intergovernmental cooperation and coordination in addressing shared problems and meeting the needs of residents in a nonpartisan manner. This program changed legislation in Virginia and provides a template for other jurisdictions to successfully follow.

PROGRAM SUMMARY

Real Estate Taxes

On January 1, 2019, the Loudoun County Treasurer's Office assumed responsibility for billing and collecting town real estate taxes for:

- [Hillsboro](#)
- [Leesburg](#)
- [Lovettsville](#)
- [Middleburg](#)
- [Round Hill](#)

Residents and businesses will receive consolidated bills that include both county and town taxes as separate line items. Taxes will continue to be billed in two installments per year (June and December). This does not apply to the Town of [Purcellville](#) and Town of [Hamilton](#).

Personal Property Taxes

On January 1, 2020, the Loudoun County Treasurer's Office assumed responsibility for billing and collecting town personal property taxes for:

- [Leesburg](#)
- [Round Hill](#)

Loudoun County Implementation of Billing and Collection for Incorporated Towns

Residents will receive consolidated bills that include both county and town taxes as separate line items. Taxes will continue to be billed in two installments per year (May and October).

This does not apply to the Town of Purcellville and Town of Hamilton.

Business Tangible Personal Property Taxes

On January 1, 2020, the Loudoun County Treasurer's Office assumed responsibility for billing and collecting town Business Tangible Personal Property Taxes for:

- Leesburg
- Middleburg
- Round Hill

Residents will receive consolidated bills that include both county and town taxes as separate line items. Taxes will continue to be billed in two installments per year (May and October). This does not apply to the Town of Purcellville and Town of Hamilton.

Vehicle License Fee

As of January 1, 2020, the Loudoun County Treasurer's Office assumed responsibility for billing and collecting town vehicle license fees. A Vehicle License Fee of \$25.00 is assessed each tax year for any vehicle that is situs in each town (if applicable) as of January 1 of each calendar year for the following towns:

- Leesburg
- Lovettsville
- Middleburg
- Round Hill

Residents and Businesses will receive consolidated bills that include both county and town taxes as separate line items. Taxes will continue to be billed in two installments per year (May and October). This does not apply to the Town of Purcellville and Town of Hamilton.