

BOS Statement on the Proposed FY2021 Budget – Feb. 25, 2020

Chair Randall and Members of the Board,

Good evening and thank you for this opportunity to comment on the Fiscal '21 Budget.

I would like first to complement the staff for the budget's exacting detail and careful explanations - it shows why they have earned such outside professional praise.

For me, the budget headline is - "Major Stress - Not Fiscal Business as Usual". I see:

1. High and rising growth pressures on operating and debt service costs;
2. Constraints on the new six-year CIP, given strain on local tax funding and debt capacity; and
3. A proposed tax hike *for the first time in a decade* – this - on top of a colossal rise in data center taxes by nearly \$100 million over 2020!

This reinforces my view that:

1. We continue to be hooked on growth, driven by rapid housing development, its demographic effects, and high spending per resident;
2. Are vulnerable near-term to **spending cuts and tax hikes** in the next recession, possibly like those of the last one; and
3. Longer-term, are on an unsustainable path - our tax base is driven mostly by new development and we face robust reliance on data centers – providing not just a quarter of total revenues in 2021 but nearly *two-thirds* of the increase in annual revenues.

I am ready to pay more this year for the government and County services that we *need*. My main concern is about the next four years.

Residents deserve more clarity and confidence about our **future fiscal path**. I urge this new Board – this year - to fully assess our *medium-term fiscal prospects* and build into the 2022 budget *a vision for fiscal transition* toward long-term sustainability.

I suggest that such work include:

1. Identifying how to progressively lower expenditure growth;
2. Clarifying the role of the data center industry in Loudoun County – that is - land use, fiscal revenues, environmental impacts, and County economic impacts;
3. Establishing a fiscal revenue policy framework to guide burden sharing among residents and business, existing property and new development – and to clarify tax rate policy; and
4. Expanding budget forecasting and analysis - as we do for the CIP – for operating costs and revenues, tax affordability, risk analysis and stress testing, including for recession readiness.

If we start now, we can shift our fiscal path to ensure continued high quality of life in Loudoun.

Thank you.

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