

FY 2027 BUDGET - OVERVIEW

Now set within a medium-term fiscal strategy

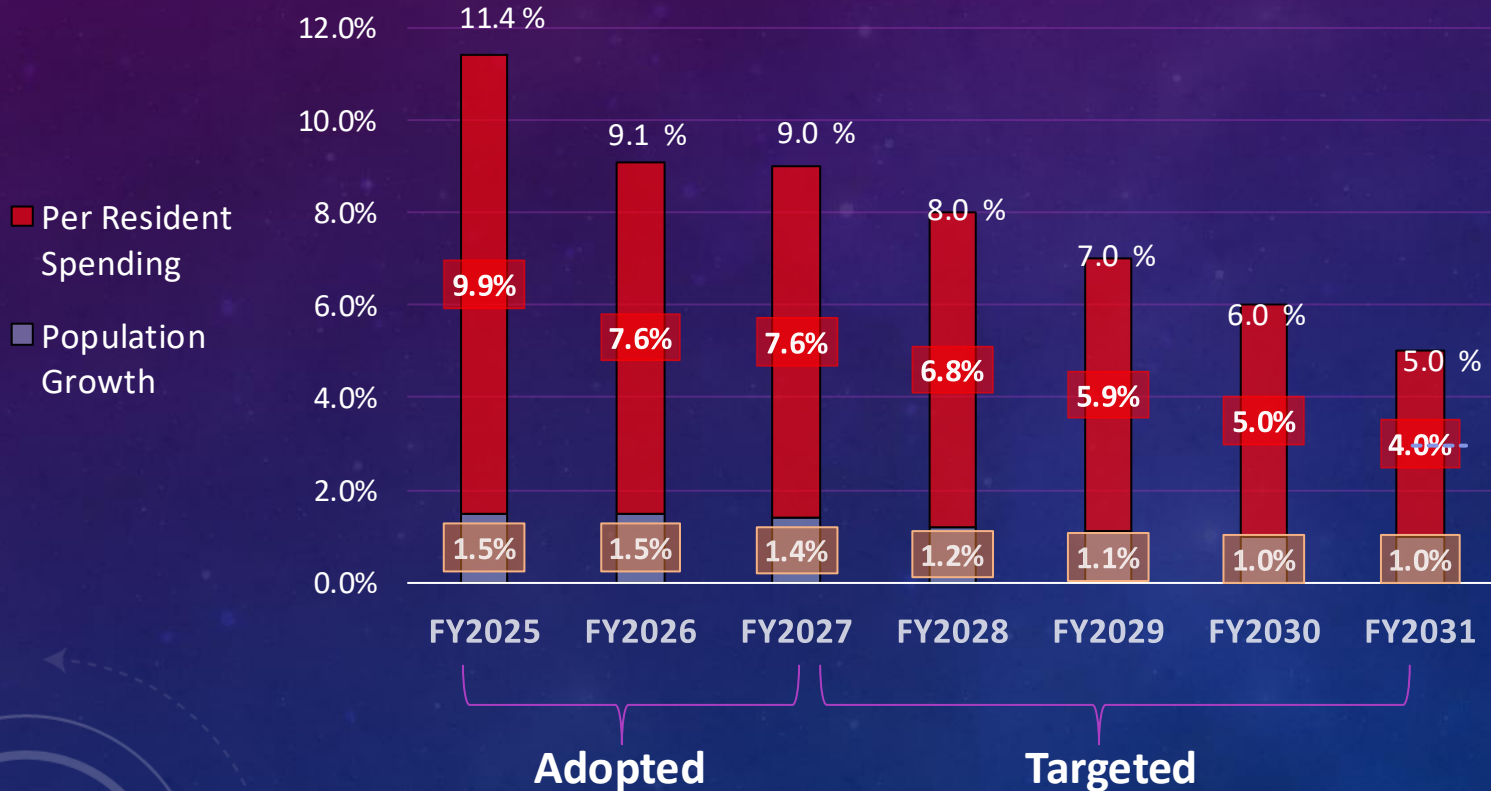
- Stop the rise in data center tax dependence
- Return to home-owner led revenue growth

That requires 3 key annual budget actions

1. Define spending targets with declining growth rates to a sustainable level
2. Redirect “excess” data center taxes to new debt reduction
3. Ensure no tax cuts for data centers or real property tax subsidies for homeowners

1. SPENDING – ADOPTED AND TARGETED GROWTH

Operating Appropriations - Annual Rate of Growth



FY2027 Increment Spending

- \$30 M for current services
- \$28.5 M for employee comp.
- 234 new staff positions
- \$105 M local transfer to LCPS

SPENDING GROWTH & STRUCTURAL CHANGE

	Average Growth Rates		Share of Total	
	FY18-22	FY23-27	FY2018	FY2027
General Government Admin	12%	12%	22%	29%
Public Safety & Judicial Admin	7%	10%	38%	37%
Health & Welfare	5%	13%	16%	16%
Parks, Rec & Culture	9%	8%	12%	11%
Community Development	4%	1%	13%	7%
County Departmental Total	8%	10%	100%	100%

Source: Office of Management & Budget

2. REVENUE TAX BASE, RATES AND REVENUES

Taxable Real Property - Annual Growth Rates					
	2022	2023	2024	2025	2026
Residential	17%	10%	7%	8%	2%
Com'l & Industrial	25%	20%	29%	38%	31%
Loudoun Total	18%	13%	13%	20%	12%

Source: Commissioner of the Revenue

Tax Base

- Extreme imbalances continue
- Data center 71% of business property

Tax Rates

- Real property - \$0.805 - no change
- Personal Property DC - \$4.15 no change
- Personal Property vehicles - \$2.92 lower

Tax Revenues

- Data Centers – rising by 14%
- Data Centers – 69% of incremental taxes
- Data Centers - 45% of total local⁴ taxes

3. CAPITAL INVESTMENT PROGRAM AND DEBT

Six-Year Capital Improvement Program (US\$)			
	FY2025-30	FY2027-32	Change
<u>Expenditures</u>			
General County	1,229	1,323	94
Transportation	1,512	1,761	249
Schools	1,038	1,170	132
TOTAL CIP	3,779	4,254	475
Avg Growth / Yr.		6%	13%
<u>Funding Sources</u>			
Local taxes (LTF)	903	1,250	347
Debt	2,306	2,370	64
Other	570	634	64
TOTAL FUNDING	3,779	4,254	475

FY2027-32 six-year CIP

- Up \$475 million, +13% over prior CIP

Sector Priorities – no change

- Transport 41%, County 31%, schools 28%

Funding

- Local taxes – sharp rise using “excess” data center taxes to replace new debt
- Marginal rise in debt financing of +3%
- Debt outstanding projected to stay well within Fiscal Policy ratios

TAKEAWAYS

Unanimous BOS support for FY2027

- Recognition of coming end to data center buildout & need for fiscal strategy shift
 - Showcasing vehicle tax cuts and higher capital investment 'lubricate' agreement
 - But a good swaps for agreement to also maintain homeowner real property tax rate

Future Spending

- Process will get harder as 'constrained' growth targets bites harder

Tax policy

- The 'equalized tax rate' (not homeowner tax hikes) has been sidelined but is not gone