NLC NATIONAL LEAGUE OF CITIES

CENTER FOR CITY SOLUTIONS

City Fiscal Conditions

2018

NLC NATIONAL LEAGUE OF CITIES

CENTER FOR CITY SOLUTIONS

City Fiscal Conditions 2018

About the National League of Cities
The National League of Cities (NLC) is the nation's oldest and largest organization devoted to strengthening and promoting cities as centers of opportunity, leadership, and governance. NLC is a resource and advocate for more than 1,600 member cities and the 49 state municipal leagues, representing 19,000 cities and towns and more than 218 million Americans. NLC's Center for City Solutions provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues, and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

About the Authors
Christiana McFarland is research director in the Center for City Solutions at the National League of Cities.

Michael A. Pagano is dean of the College of Urban Planning and Public Affairs and director of the Government Finance Research Center at the University of Illinois at Chicago.

Acknowledgements
The authors would like to acknowledge the respondents to this year's fiscal survey. The commitment of these finance officers to the project is greatly appreciated. The authors are also grateful to Farhad Kaab Omeyr and Xiaoheng Wang, doctoral students in the Department of Public Administration at the University of Illinois at Chicago, for collecting general fund data on nearly 200 of the nation's largest cities. The authors would also like to thank the following National League of Cities colleagues for their research support and keen insights: Brian Egan, principal associate, Finance, Administration and Intergovernmental Relations; Anita Yadavalli, program director, City Fiscal Policy; and Spencer Wagner, research intern.

Photo credits: All photo images credited to Getty Images, 2018.

Table of Contents

Executive Summary

BOISE, IDAHO

The 2018 City Fiscal Conditions survey indicates that slightly more finance officers than last year are optimistic about the fiscal capacity of their cities. However, the level of optimism is still far below recent years. Furthermore, tax revenue growth is experiencing a year-over-year slowdown, with the growth in service costs and other expenditures outpacing it. Taken together, the survey results suggest that cities are approaching the limits of fiscal expansion.

- Finance officers from the smallest cities are least likely to report that their cities are better able to meet the fiscal needs of their communities this year over last (63%). Meanwhile, finance officers from cities in the South are most likely to report feeling confident this year (81%).

- General fund expenditures are outpacing revenues, a trend anticipated to continue into next year. Although revenues are not in decline, they grew only 1.25 percent in FY 2017, and are expected to stagnate in FY 2018. Expenditures grew 2.16 percent in FY 2017, with growth for FY 2018 budgeted at 1.97 percent.

- All major tax sources grew slower in FY 2017 than in FY 2016, and all are expected to grow less than one percent in FY 2018. In FY 2017:
  - Property tax revenues grew 2.6 percent, compared to 4.3 percent in FY 2016
  - Sales tax revenues grew 1.8 percent, compared to 3.7 percent in FY 2016
  - Income tax revenues grew 1.3 percent, compared to 2.4 percent in FY 2016

- Cities continue to rely on the same revenue generating actions as they have in the past, namely increasing service fee prices (41%) and property tax rates (28%). This year, fewer cities are instituting new types of fees (18 percent this year versus 26 percent last year).

- Employee wages (88%), public safety (78%) and infrastructure (71%) are the most common areas for which cities increased spending. Fewer cities this year are contracting or privatizing city services and more are increasing spending on personnel and workforce expansion.

- By and large, it is too soon to tell specifically how provisions of the Federal Tax Cuts and Jobs Act of 2017 will impact city finances, except for advance refunding bonds. Thirty-five percent of city finance officers are already seeing negative fiscal impacts associated with the elimination of tax-exempt advance refunding bonds. Sixty one percent report that the loss of this fiscal tool will have negative impacts on future fiscal health.

These trends come at a time when cities have not yet regained losses from the Great Recession and face uncertainty from federal and state partners. Despite these challenges, cities continue to balance their budgets, remain resilient and serve as engines of national economic growth.

What is the City Fiscal Conditions Survey?

The City Fiscal Conditions Survey is a national online survey of finance officers in U.S. cities conducted in the spring and summer of each year. This is the 33rd annual edition of the NLC survey, which began in 1986.

Meeting Fiscal Needs

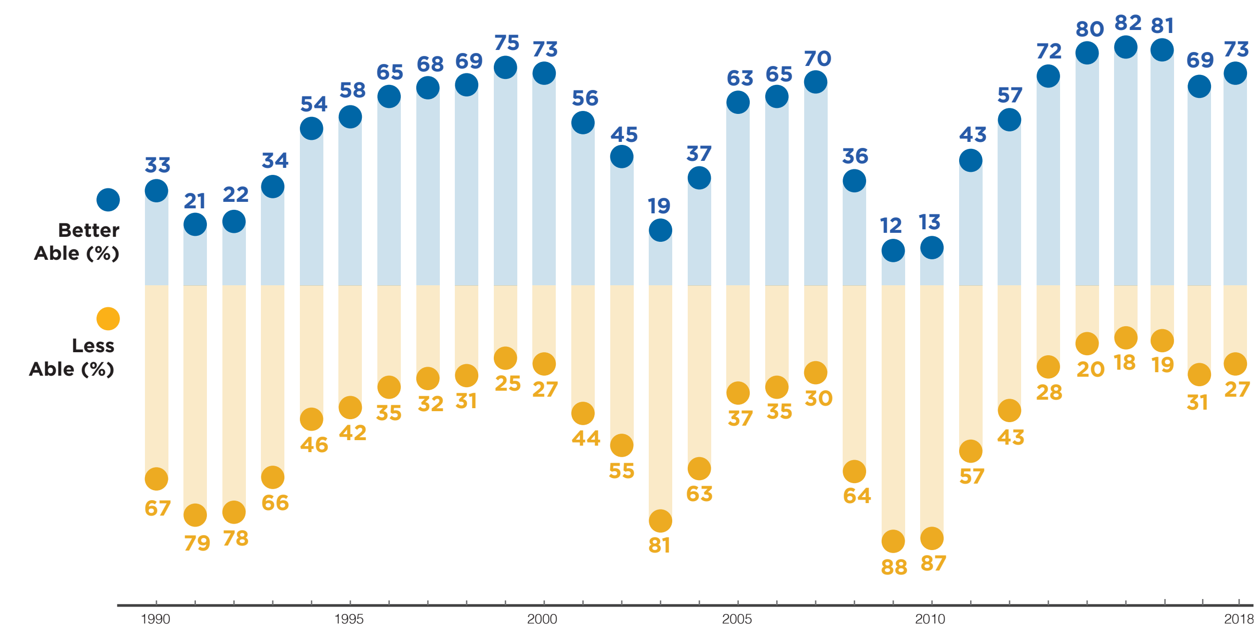
AUSTIN, TEXAS

Last year we noted the start of a downward trend in finance officer optimism, with a significant increase in the percentage reporting that their cities were less able to meet the financial needs of their communities than the year before.[1] This was the result of a culmination of challenges facing cities in 2017, including threats to Community Development Block Grant funding, uncertainty about the federal infrastructure plan and rising costs of providing services. Slightly more city finance officers feel optimistic this year than last, with nearly three in four (73%) confident in the fiscal position of their cities *(see Figure 1)*.

When examining regional differences, finance officers in cities in the South are the most likely to report that their communities are better able to meet fiscal needs *(see Figure 2)*.

When examining responses by city size, finance officers in cities with fewer than 50,000 residents are least likely to report being better able to meet their financial needs *(see Figure 3)*. Larger cities, on the other hand, have been experiencing faster economic growth and expanding tax bases. They are also typically better able than smaller communities to reap benefits from their tax bases due to greater access to fiscal tools, including taxing authority.

Figure 1 Percent of Cities "Better Able/Less Able" to Meet Financial Needs



Finance officers in cities in the South are the most likely to report that their communities are better able to meet fiscal needs.

MIAMI, FLORIDA

Figure 2 Percent of Cities "Better Able/Less Able" to Meet Financial Needs, by Region

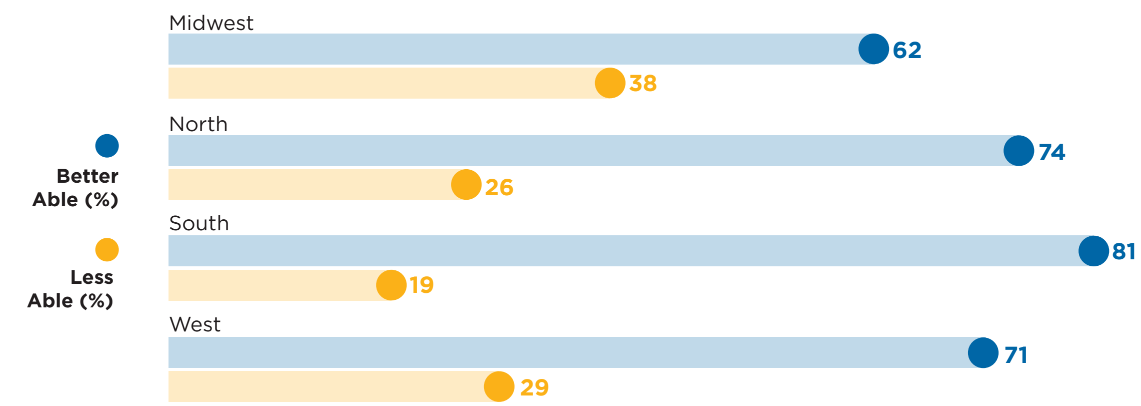
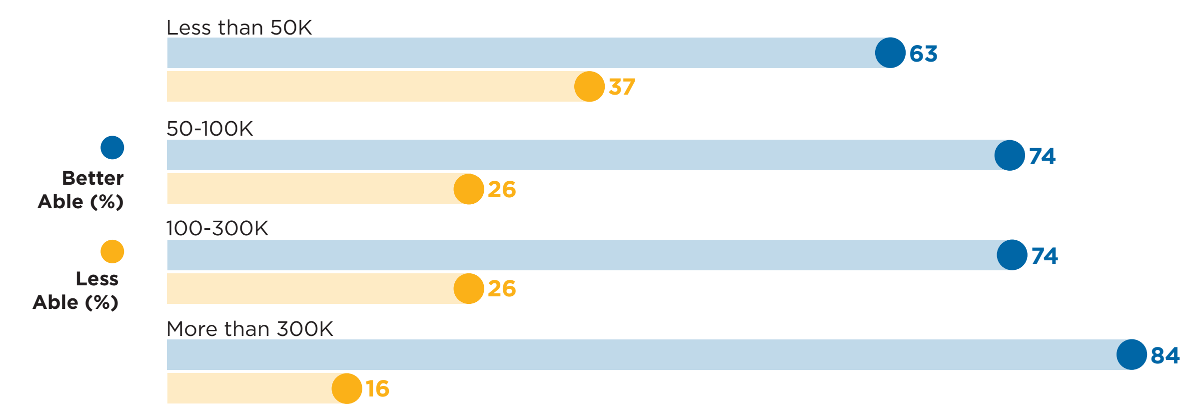


Figure 3 Percent of Cities "Better Able/Less Able" to Meet Financial Needs, by Population



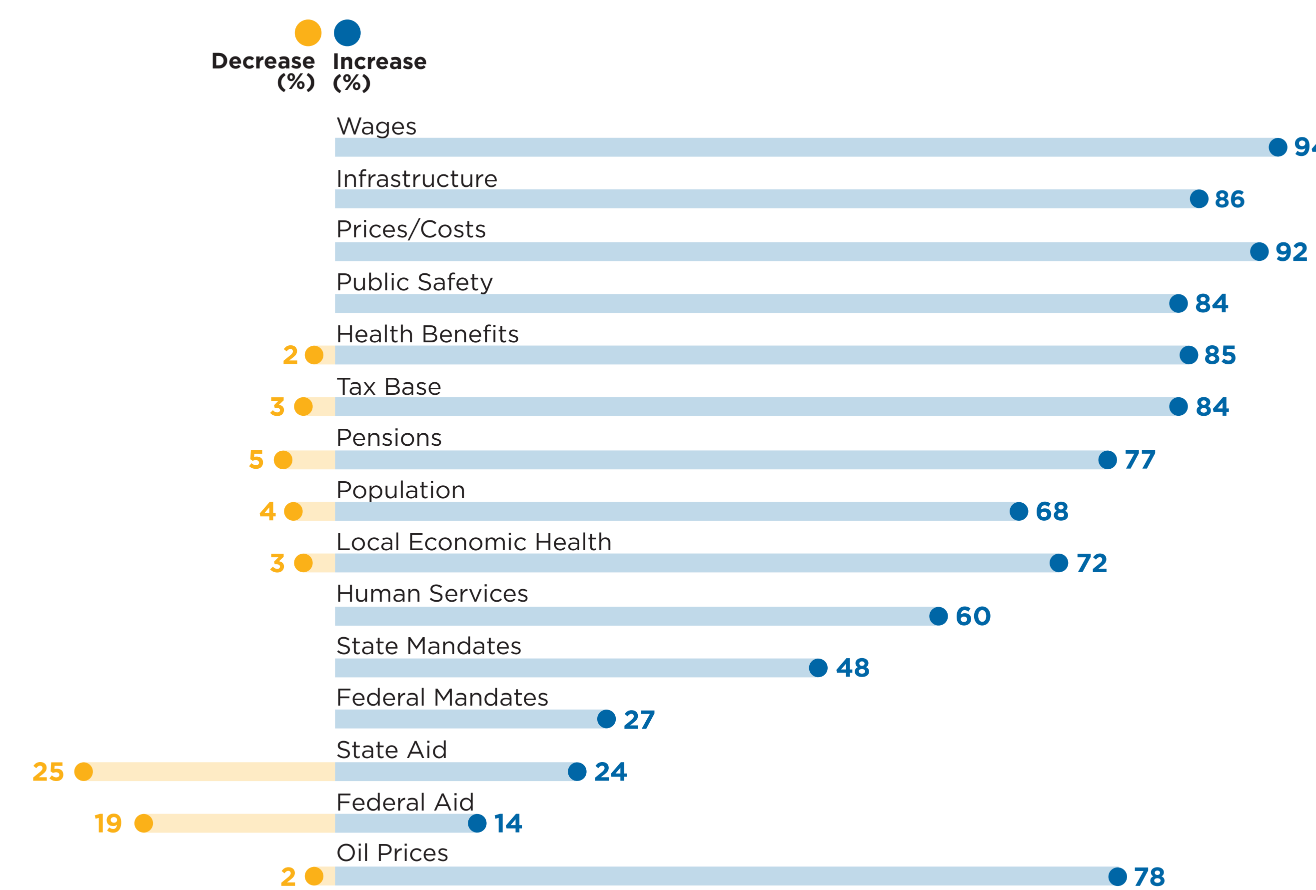
Factors

CHICAGO, ILLINOIS

Each year, respondents are asked whether various factors that determine revenue performance, spending levels and overall fiscal conditions increased or decreased from the previous year, as well as which three had the most positive and negative influences on their cities' overall fiscal health.

Like previous years, finance officers report that state (25%) and federal (19%) aid have decreased the most over the past year *(see Figure 4)*. Wages (94%), prices and costs of providing services (92%), and infrastructure (86%) top the list of expenditures that have increased. A notable change from last year is the rising global price of gas and oil, which has affected city budgets. Seventy eight percent of finance officers indicate that their gas and oil prices have increased over the past year (compared with only 28 percent reporting increased prices in 2017).[2]

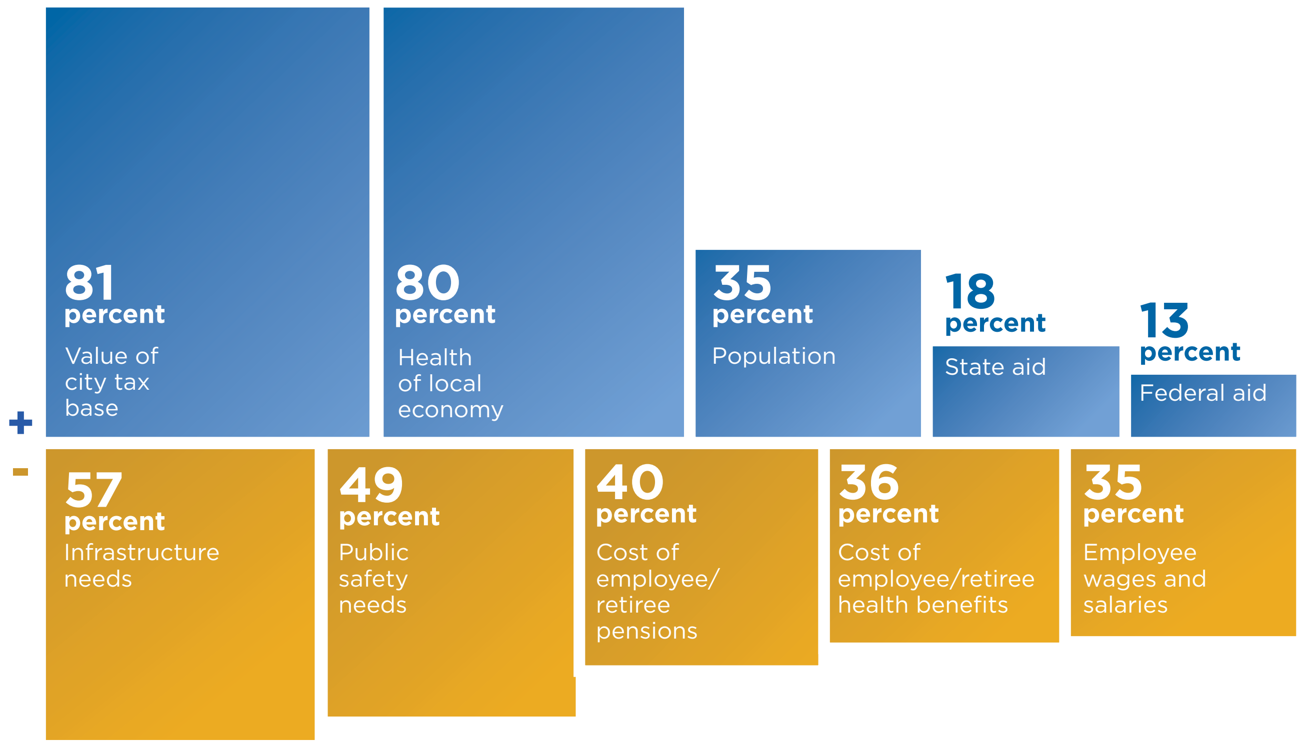
Figure 4 Change in Selected Factors

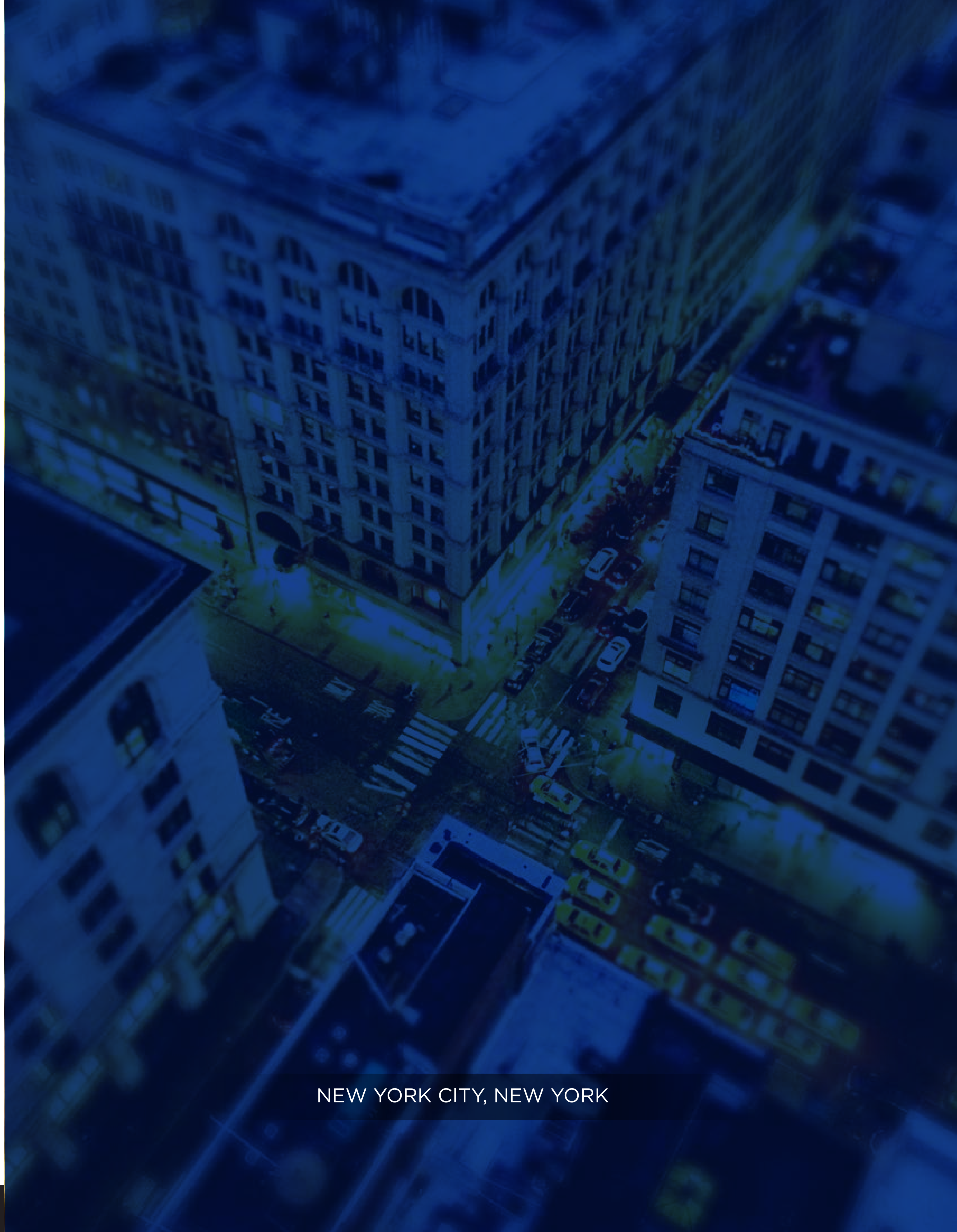


When we examine the magnitude of these changes, we find that, consistent with recent years, the overall value of the local tax base (81%) and health of the local economy (80%) have had the most favorable impacts on city budgets *(see Figure 5)*. Compared to 2017, however, gas and oil prices, and the costs of providing services, are no longer viewed by a large share of finance officers as having a positive impact on city budgets. State (18%) and federal (13%) aid have surfaced as two of the top five most positive budgetary impacts this year. However, these numbers are similar to those reported in 2017 (13 percent and 11 percent, respectively).

The top five negative factors — infrastructure needs (57%), public safety needs (49%), the cost of employee/retiree pensions (40%), the cost of employee/retiree health benefits (36%) and employee wages and salaries (35%) — are unchanged from last year. However, this year, fewer finance officers report health benefits (45 percent in 2017) and wages/salaries (44 percent in 2017) as pressing budgetary challenges.

Figure 5 Most Positive and Negative Factors





NEW YORK CITY, NEW YORK

Revenue and Spending Trends

Changes in general fund revenues are typically a good proxy for local economic and fiscal conditions. General fund revenues are derived from property, sales, income, utility and other taxes, user fees and shared revenues. General fund expenditures provide funding to cities' general operations and constitute, on average, more than 55 percent of total city spending.

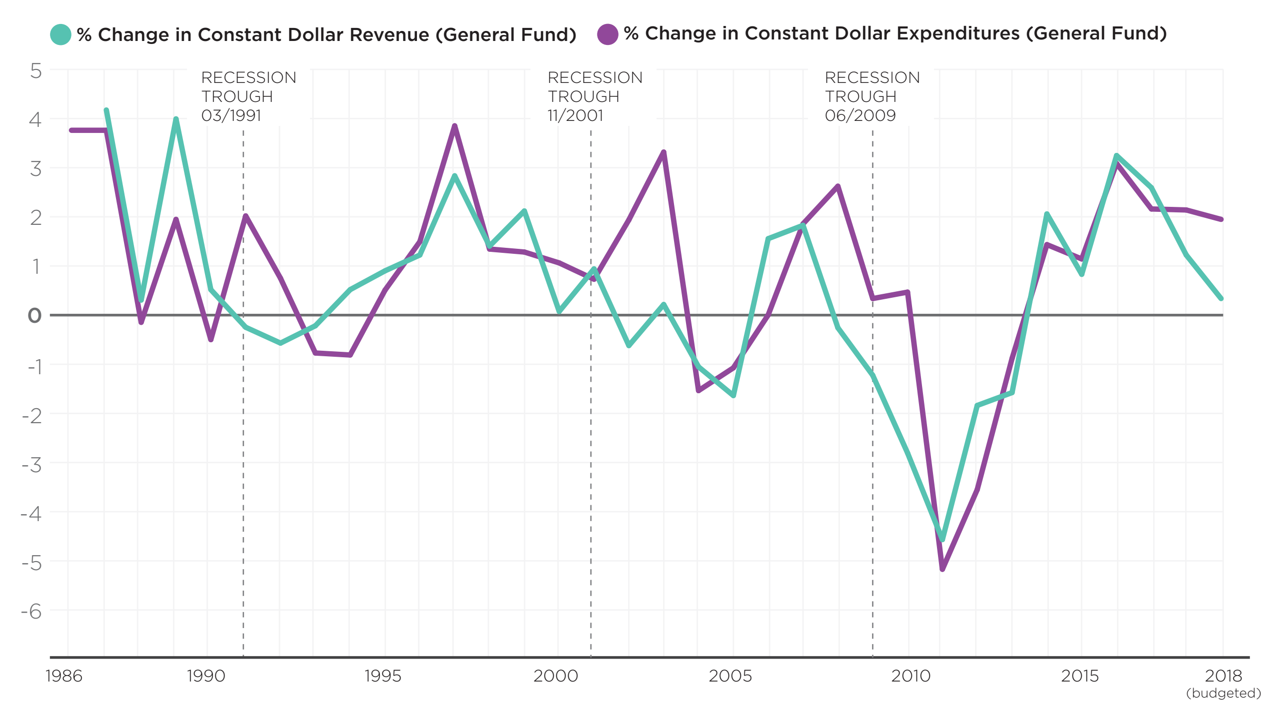
This analysis examines year-over-year growth of general fund expenditures and revenues, adjusts for inflation (constant dollars) and utilizes fiscal data over several years including:[3]

- FY 2016: the prior year
- FY 2017: the fiscal year for which finance officers have most recently closed the books (and therefore have verified the final numbers)
- FY 2018: the current fiscal year for which budget data is still being estimated

In constant dollars, general fund revenues grew 1.25 percent in FY 2017 *(see Figure 6)*. The revenue growth peak was in FY 2015, which means revenue growth has been slowing for two consecutive years. Finance officers have budgeted even less growth heading into FY 2018 (0.37%). It is typical for finance officers to be conservative when estimating revenue growth for the upcoming fiscal year. Although actual growth is likely to be slightly higher when finance officers close the books on FY 2018, given recent growth trends, we do not anticipate revenues to outpace those in FY 2017.

For the same reasons, once the fiscal year ends, actual expenditures will likely be less than budgeted expenditures. FY 2017 expenditure growth was 2.16 percent and is budgeted at 1.97 percent growth for FY 2018. Expenditures have continued to grow above two percent for the past few years and are outpacing revenues. This trend is expected to continue into FY 2018.

Figure 6 **Year-to-Year Change in General Fund Revenues and Expenditures**



Tax Revenues

INDIANAPOLIS, INDIANA

We analyzed the performance of each major revenue source in terms of year-over-year growth and inflation-adjusted dollars using data from FY 2016, FY 2017 and FY 2018 (estimated). Our findings reveal that those sources that are more responsive to economic conditions — such as sales and income tax collections — hit their growth peaks in 2015, while property tax revenues — which lag economic conditions — hit a growth peak in 2016 (*see Figure 7*). All major tax sources grew more slowly in FY 2017 than in FY 2016, a trend expected to continue in FY 2018.

The behavior of property, income and sales taxes influences the growth of overall general fund revenues. While nearly all cities have access to a local property tax, more than half are also authorized to collect local sales taxes, and some cities (fewer than 10 percent nationally) are authorized to collect local income or wage taxes.

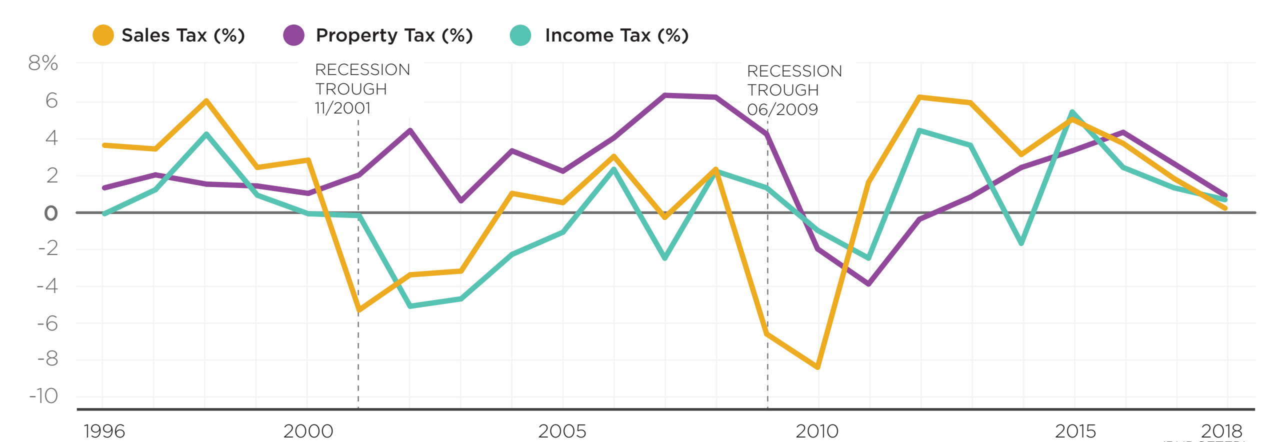
PROPERTY TAXES. Local property tax revenues are driven by the value of residential and commercial property, with property tax bills determined by local governments' assessment of property values. They are considered more inelastic — or less responsive — to economic changes than other tax sources. Because of assessment practices, property tax revenues typically reflect the value of a property anywhere from 18 months to several years prior to collection. (For more on the lag that takes place between economic changes and city revenues, see page 23.)

Property tax revenues have been growing steadily since FY 2013. Between FY 2016 and FY 2017, however, property tax revenue growth slowed to 2.6 percent. Property tax collections are expected to slow further heading into FY 2018, with less than one percent growth budgeted.

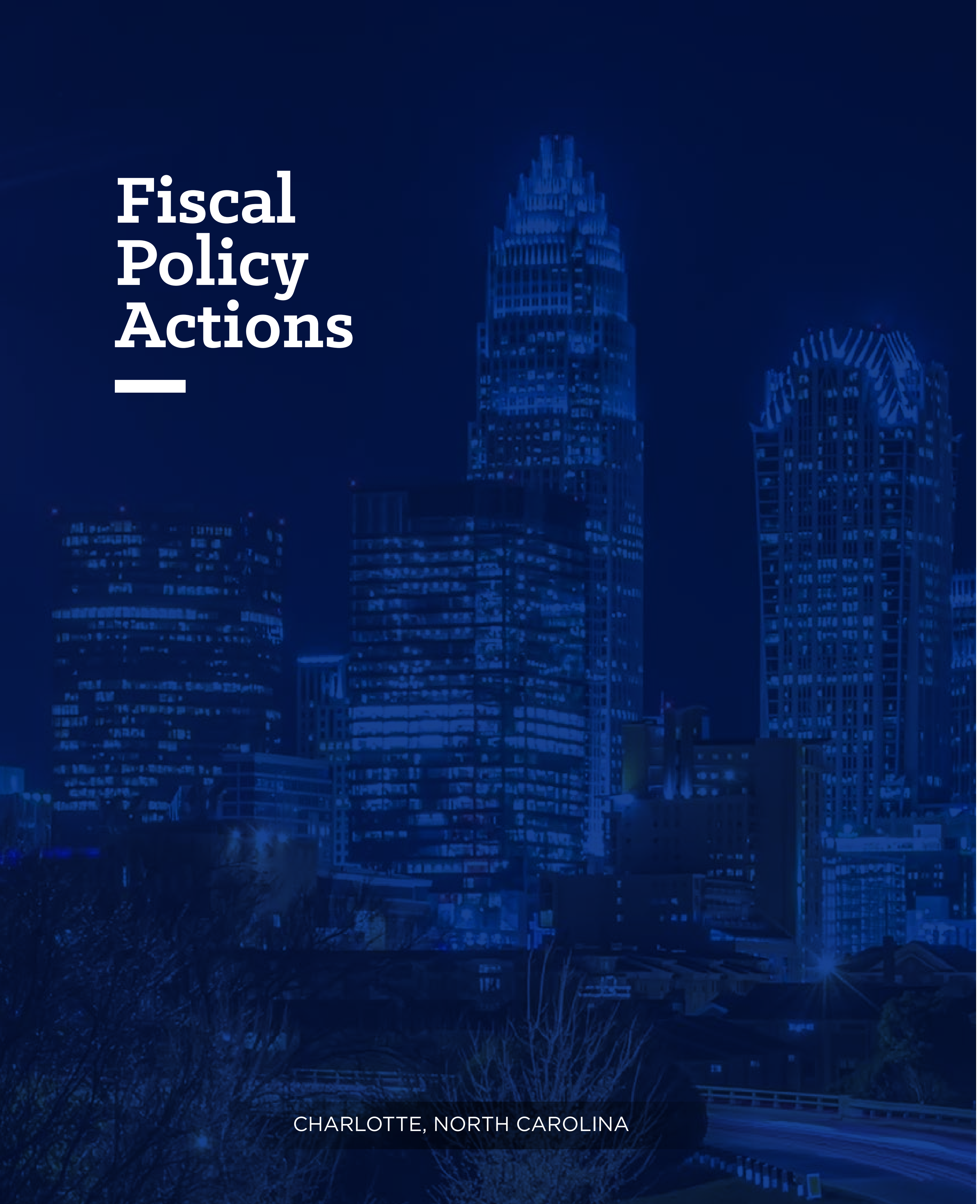
SALES TAXES. While property tax revenues are considered a lagged indicator of economic changes, sales taxes are elastic – or more responsive to economic changes – and often better reflect fiscal shifts. This is because people tend to spend more on goods and services when consumer confidence is high. When a city is economically healthy, city governments with the authority to collect sales tax revenues reap the benefits. Sales tax revenues grew only 1.8 percent in FY 2017, and are expected to stagnate in FY 2018, with just 0.2 percent growth.

INCOME TAXES. Like sales taxes, income taxes are a more elastic source of revenue. At the city level, income tax revenues are driven primarily by income and wages, rather than by capital gains (New York City is a notable exception). Income tax receipts grew 1.3 percent in FY 2017, with an anticipated growth of 0.66 percent in FY 2018.

Figure 7 Year-to-Year Change in General Tax Receipts (Constant Dollars)



Fiscal Policy Actions



CHARLOTTE, NORTH CAROLINA

Cities anticipate changes in the economy, service needs and other costs, and actively adjust revenues and expenditures to balance their budgets. To better understand this practice, we asked city finance officers about local fiscal policy responses in 2018.

As has been the case for much of the past two decades, the most common action taken to boost city revenues, regardless of broader economic trends, has been to increase fees charged for services. About two in five (41%) city finance officers report that their cities have raised fee levels *(see Figure 8)*. Although the percentage reporting that their city has increased fee levels has remained consistent, fewer cities report increasing the number of fees applied to city services (26 percent in 2017 versus 18 percent in 2018). In some places, adding new fees may not be a politically feasible policy option, while in others the city may have already levied fees on all applicable services.

Figure 8 City Revenue Actions

	Decrease (%)	Increase (%)
Fee Levels	1	41
Property Tax Rate	7	28
Level of Impact Fees	3	26
No. of Fees	1	18
Other Tax Rate	1	8
Sales Tax Rate	0	4
Tax Base	7	7
No. of Other Taxes	1	3
Income Tax Rate	2	1

“

Fewer cities report increasing the number of fees applied to city services.


HOUSTON, TEXAS

This year, 28 percent of cities increased their local property tax rates. Since the mid-1990s, irrespective of economic conditions, the percentage of city finance officers reporting increases in property taxes has remained almost unchanged. This reflects the state- and voter-imposed restrictions on local property tax authority, as well as the political challenges associated with raising property tax rates. Increases in sales (4%), income (1%) or other types of tax rates are even less common.

Cities also adjust expenditures to help balance their budgets. In 2018, most cities report increasing employee wages (88%), public safety expenditures (78%) and infrastructure spending (71%) *(see Figure 9)*. Compared with last year, fewer cities report increasing spending on contracting city services and privatization (20 percent in 2017 versus 11 percent in 2018). Studies have shown that cities are less likely to contract out and more likely to provide services in-house when revenue growth is slowing or declining.[4] More cities have increased spending on personnel (46 percent in 2017 versus 53 percent in 2018) and health plans (35 percent in 2017 versus 44 percent in 2018).

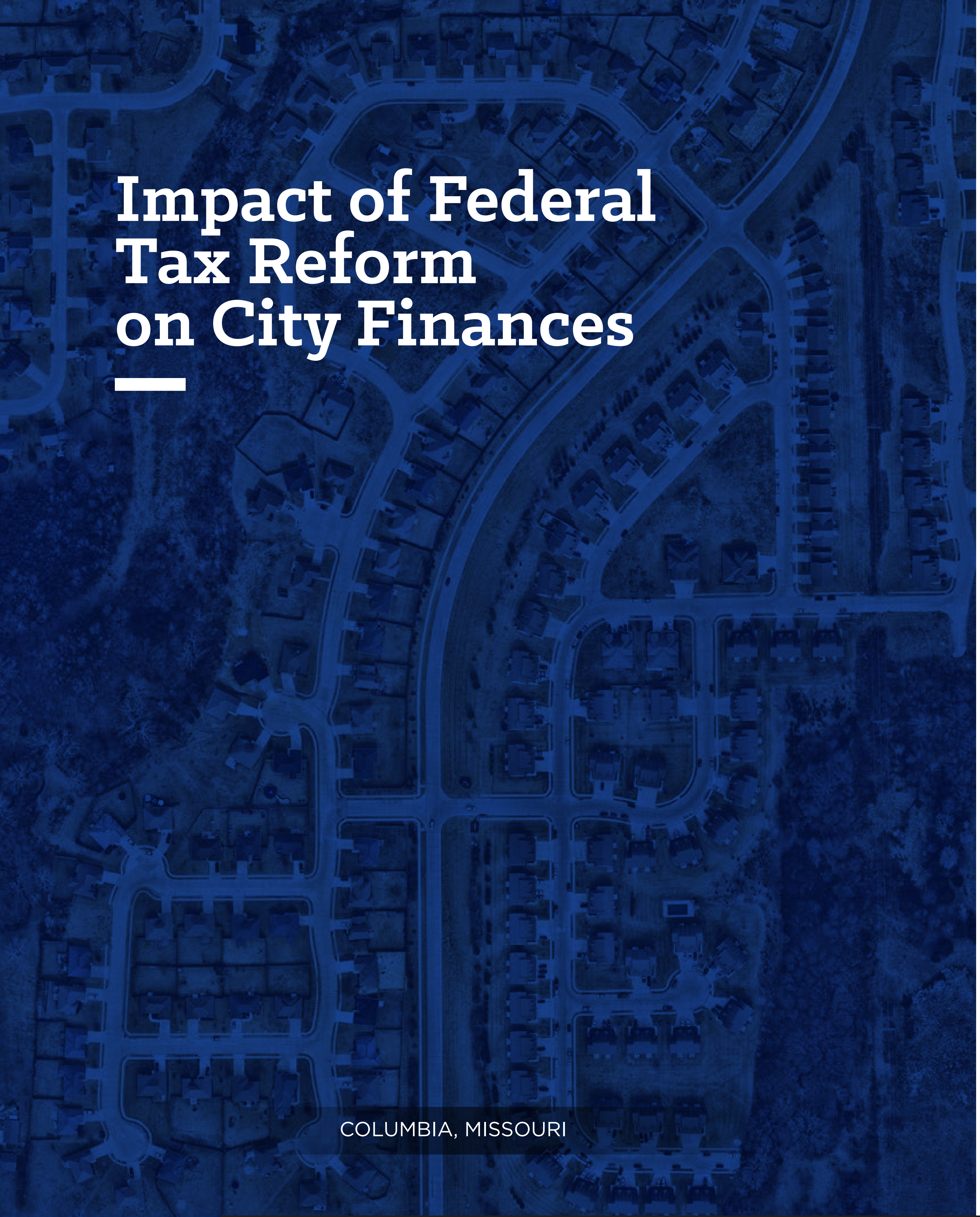
Figure 9 City Expenditure Actions

	Decrease (%)	Increase (%)
Infrastructure spending	4	71
Human services spending	2	33
Public Safety spending	1	78
Education spending	2	18
Spending on other city services	4	42
Privatization/Contracting out services	5	11
Number/Scope of inter-local agreements/cost-sharing	1	18
Personnel/Size of municipal workforce	7	53
Employee wages	0	88
Employee/retiree pension plans	2	39
Employee/retiree health plans	2	44
Number/Scope of capital projects	7	59

“

Fewer cities report increasing spending on contracting city services and privatization.

Impact of Federal Tax Reform on City Finances



COLUMBIA, MISSOURI

This year, NLC asked city finance officers a series of questions pertaining to the impact of the federal Tax Cuts and Jobs Act of 2017 on fiscal health. These questions focused on the current and anticipated impacts of tax reform provisions including:

- The $10,000 cap on the state and local tax (SALT) deduction
- The elimination of tax-exempt advance refunding bonds
- Taxability of local governments' contributions to capital made to corporations[5]
- The elimination of tax credit bonds

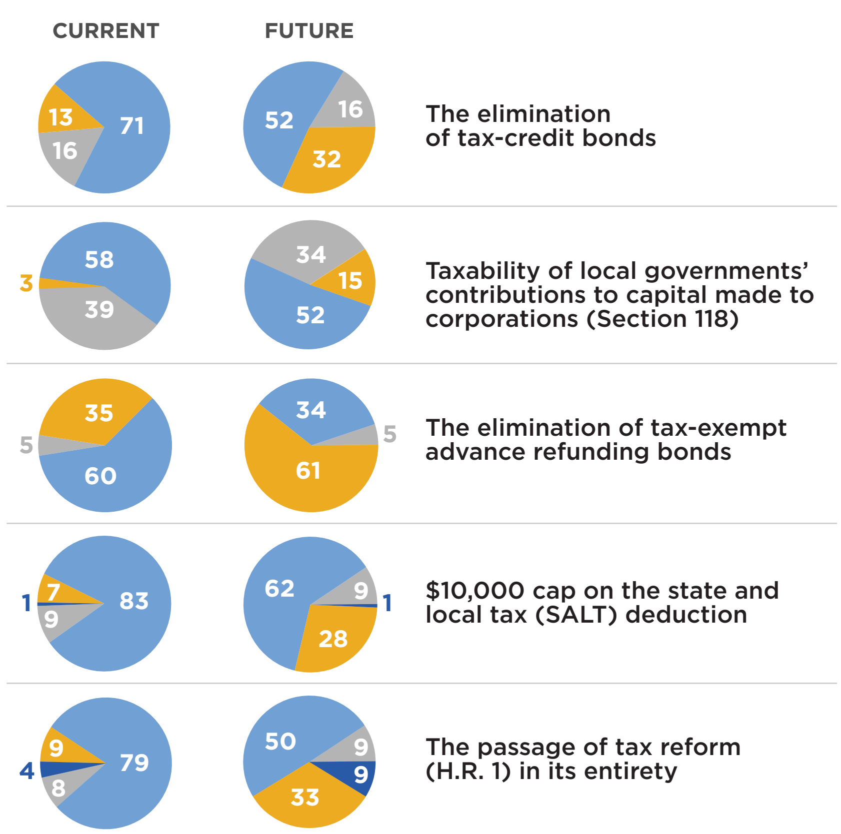
Across the board, respondents feel it is "too soon to tell" how these four provisions impacted cities' financial needs in the current fiscal year *(see Figure 10)*. The one exception is the elimination of tax-exempt advance refunding bonds. The advance refunding bond was a tool that enabled cities and other public issuers to issue another tax-exempt bond to refinance existing debt. Thirty five percent of officers note a negative impact.

It will take a few years to fully understand how tax reform will affect local governments. However, we asked officers how they "anticipated" the provisions would impact their cities' ability to meet financial needs beyond this fiscal year. Roughly one in three respondents foresee negative impacts resulting from most of the tax reform provisions, while about one in ten foresee positive impacts from tax reform overall. Strikingly, 61 percent of finance officers report the elimination of tax-exempt advance refunding bonds will have a negative impact on future fiscal health.

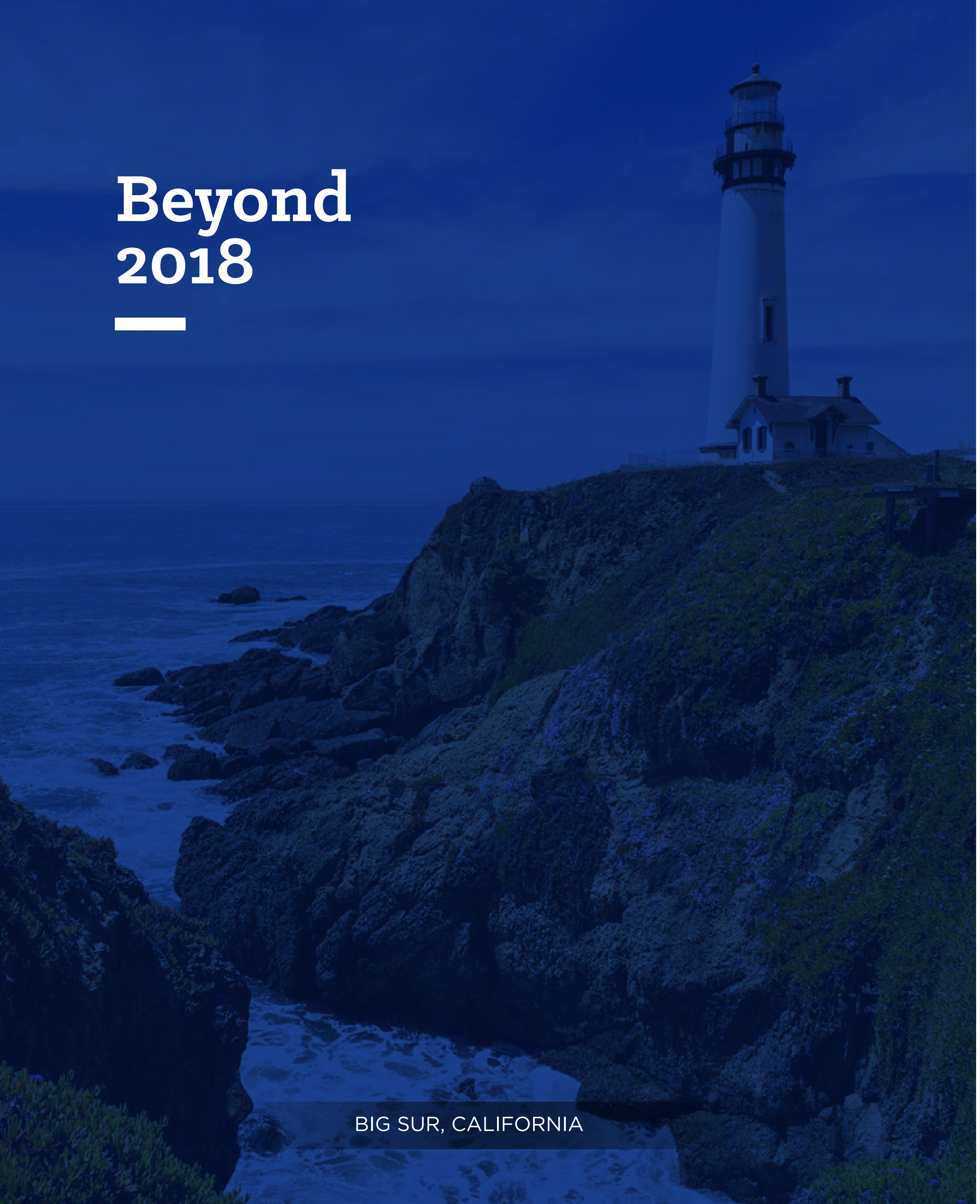
Figure 10

Reported Impact of Tax Reform on Cities' Current and Future Ability to Meet Financial Needs (%)

- (%) POSITIVELY
- (%) NEGATIVELY
- (%) NO OBSERVED CHANGE/ NO ANTICIPATED CHANGE
- (%) NOT FAMILIAR WITH THIS PROVISION



Beyond 2018



BIG SUR, CALIFORNIA

This year's analysis demonstrates decelerating fiscal growth in cities across the country. Cities' revenue growth — including all three major sources of tax revenue — is slowing. Growth of expenditures is outpacing revenues, and fewer finance officers are confident in the fiscal positions of their cities. Although fiscal health is not yet declining, these conditions echo several cautionary signals from previous economic downturns.

These trends also come at a time when cities are still recovering from the Great Recession and face potentially countervailing long-term effects from several recent major federal actions. Two key examples of such actions are the U.S. Supreme Court ruling in *South Dakota v. Wayfair* (2018) and the Tax Cuts and Jobs Act of 2017.

The *Wayfair* ruling is significant because it overturned precedent that allowed certain remote retailers — without a physical presence in the state — to avoid collecting state and local sales taxes. While the exact impact of this ruling has yet to be determined, it is generally expected to improve sales tax collections and increase the fiscal health for any state or local government that levies a sales tax. Estimates indicate that the inability to collect taxes on certain remote sales cost state and local governments nationwide nearly $26 billion in 2015 in foregone tax revenue.[6] Shortly after the decision, Moody's Investors Service labeled the ruling as "credit positive for state and local governments, particularly states that rely heavily on sales tax revenues to support their operations."[7]

Meanwhile, of the many provisions in last year's Tax Cuts and Jobs Act, the elimination of tax-exempt advance refunding bonds appears to be the biggest threat to cities now and in the future. Advance refunding bonds allowed cities to respond to, and take advantage of, market fluctuations; achieve lower interest rates; responsibly save local taxpayer dollars; and free up capital to make needed infrastructure improvements. In 2017, advance refunding bond volume was $84.2 billion, resulting in savings for taxpayers of over $2.5 billion.[8] Tax reform removed this tool from cities' already limited fiscal toolboxes.

Cities can best meet the needs of their residents when their fiscal systems and current conditions are stable, fair and aligned with their underlying economies.[9] Looking beyond 2018, the confluence of economic trends and decisions from other levels of government will create challenges as cities continue to provide sound infrastructure, public safety, pensions, healthcare and other critical services. Nevertheless, even when faced with present levels of uncertainty, cities are resilient. They balance their budgets each year and make critical decisions that affect the economic future of their cities and the nation.

> "Estimates indicate that the inability to collect taxes on certain remote sales cost state and local governments nationwide nearly $26 billion.

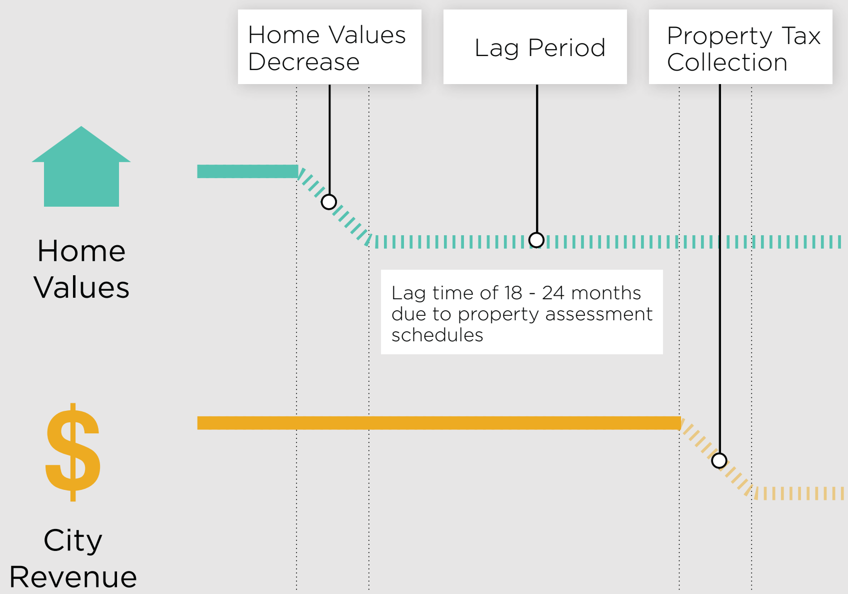
The Lag between Economic and City Fiscal Conditions

In economic terms, the "lag" refers to the amount of time between economic conditions changing and those conditions having an impact on city revenue collections. In general, cities seem to feel the impacts of changing economic conditions quite early. However, because most fiscal reporting occurs on an annual basis, those impacts tend not to become evident until some point after they have started to occur.

The lag can last anywhere from 18 months to several years and is largely related to the timing of property tax collections. Because property tax bills are calculated based on property assessments from a previous year, dips in real estate prices rarely occur simultaneously with economic downturns. Sales and income tax collections also exhibit lags due to various collection and administrative issues, but such lags typically do not last for more than a few months.

Figure 7 shows year-to-year changes in city general fund revenues and expenditures. It includes markers for the official U.S. recessions from 1991, 2001 and 2007, with low points, or "troughs," occurring in March 1991, November 2001 and June 2009.[10] When we overlay data from NLC's annual surveys, we find that the low points for city revenues and expenditures lag about two years behind the onset of recessions. For instance, the low point for the 1991 recession occurred in 1993, approximately two years after the trough (the recession took place between March 1991 and March 1993). Additionally, during the 2001 recession, that low point occurred in 2003, approximately 18 months after the trough (that recession lasted from November 2001 to April 2003).

It should be noted, however, that because the annual NLC City Fiscal Conditions survey is conducted at slightly different times each year, there is some degree of error in the lengths of these lags. For instance, had the survey been conducted in November 1992 rather than in April 1993, we might have seen the effects of changing economic conditions earlier. Nevertheless, the evidence suggests that it takes 18-24 months for the effects of changing economic conditions to become evident in city budgets.



About the Survey

The City Fiscal Conditions survey is a national email survey of finance officers in U.S. cities conducted from May to July of each year. Surveys were emailed to city finance officers from 983 cities with populations greater than 10,000. Officers were asked to give their assessments of their cities' fiscal conditions. The survey also requested budget and finance data from all but nearly 200 of the largest cities; data for these cities were collected directly from online city budget documents. In total, the 2018 data were drawn from 341 cities and yielded a response rate of 35 percent. The data allow for generalizations about the fiscal conditions in cities.

Much of the statistical data presented here must also be understood within the context of cross-state variations in tax authority, functional responsibilities and accounting systems. The number and scope of governmental functions influence both revenues and expenditures. For example, many northeastern cities are responsible for funding not only general government functions but also public education. Additionally, some cities are required by their states to assume more social welfare responsibilities or traditional county functions.

Cities also vary according to their revenue-generating authority. Certain states — notably Kentucky, Michigan, Ohio and Pennsylvania — allow their cities to tax earnings and wages. Meanwhile, several cities — such as those in Colorado, Louisiana, New Mexico and Oklahoma — depend heavily on sales tax revenues. Moreover, state laws vary in how they require cities to account for funds.

When we report on fiscal data such as general fund revenues and expenditures, we are referring to all responding cities' aggregated fiscal data. Therefore, the data are influenced by relatively larger cities that have more substantial budgets and that deliver services to a preponderance of the nation's residents.

When we report on non-fiscal data — such as finance officers' assessments of their cities' ability to meet fiscal needs, or factors they perceive as affecting their budgets — we refer to the percentage of officers responding in a particular way. Each city's response to these questions is weighted equally, regardless of population size.

POPULATION	RESPONSES	%	REGION	RESPONSES	%
300,000+	57	17%	Northeast	41	12%
100,000-299,999	106	31%	Midwest	77	23%
50,000-99,999	126	37%	South	115	34%
10,000-49,999	52	15%	West	108	32%
TOTAL	341	100%			

References

1 Although the opinion of finance officers is a simple perception indicator, it represents the informed opinion of those who manage budgets year-round. Finance officers see firsthand the fluctuations in revenues and expenditures, and the impacts budget decisions have on residents. Their response to "ability to meet fiscal needs" has historically tracked well with more quantitative fiscal measures.
2 Although the opinion of finance officers is a simple perception indicator, it represents the informed opinion of those who manage budgets year-round. Finance officers see firsthand the fluctuations in revenues and expenditures, and the impacts budget decisions have on residents. Their response to "ability to meet fiscal needs" has historically tracked well with more quantitative fiscal measures.
3 "Constant dollars" refers to inflation-adjusted dollars. "Current dollars" refers to non-inflation-adjusted dollars. Constant dollars are a more accurate source of comparison over time because the dollars are adjusted to account for differences in the costs of state and local government. To calculate constant dollars, we adjust current dollars using the U.S. Bureau of Economic Analysis National Income and Product Account estimate for inflation in the state and local government sector.
4 Levin, Jonathan, and Steven Tadelis. "Contracting for Government Services: Theory and Evidence from US Cities." The Journal of Industrial Economics, vol. 58, no. 3 (Sept. 2010): pp. 507–541. web.stanford.edu/~jdlevin/ Papers/Cities.pdf.; Keetch, Cristiane Carvalho, "Trends in the Contracting out of Local Government Services" (2013). Graduate Theses and Dissertations. http://scholarcommons.usf.edu/etd/4705
5 This provision, Sec. 118, refers to contributions to a corporation by a government entity, including economic development incentives such as land or infrastructure improvements. Previously, these "contributions to capital" were not included as taxable gross income for the corporation, but are now subject to federal income tax. For more information, read https://www.bna.com/state-tax-incentives-n73014473881/.
6 "Uncollected Sales and Use Tax from Remote Sales: Revised Figures." National Conference of State Legislatures and International Council of Shopping Centers, March 2017. http://www.efairness.org/files/ Updated%20Sales%20Tax%20Loss%20Report.pdf
7 Tumulty, Brian. "Supreme Court's e-commerce sales tax ruling clears the mist." Bond Buyer, June 22, 2018. https://www.bondbuyer.comnews/e-commerce-tax-rulingcredit-postive-lessens-need-for-congressional-action
8 Government Finance Officers Association calculations of Thomson Reuters data
9 For example, see 2018 Brookings report that examines constraints on city fiscal behavior, including the alignment of a city's fiscal architecture with its underlying base: Michael A. Pagano and Christopher W. Hoene, "City budgets in an era of increased uncertainty" at https://www.brookings.edu/research/city-budgets-inan-era-of-increased-uncertainty/
10 National Bureau of Economic Research. US Business Cycle Expansions and Contractions, http://www.nber.org/cycles.html

Data Tables

Figure 6: Year-to-year Change in General Fund Revenues and Expenditures

Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Change in Constant Dollar Revenue (General Fund)	4.18%	0.34%	4%	0.55%	-0.21%	-0.53%	-0.18%	0.55%	0.93%	1.25%	2.85%	1.43%	2.14%	0.11%	0.97%	-0.58%	0.25%
Change in Constant Dollar Expenditures (General Fund)	3.77%	-0.11%	1.97%	-0.46%	2.04%	0.78%	-0.73%	-0.77%	0.54%	1.52%	3.86%	1.37%	1.31%	1.09%	0.76%	1.96%	3.33%

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (budgeted)
Change in Constant Dollar Revenue (General Fund)	-1.01%	-1.59%	1.58%	1.85%	-0.22%	-1.18%	-2.75%	-4.50%	-1.79%	-1.53%	2.08%	0.86%	3.26%	2.61%	1.25%	0.37%
Change in Constant Dollar Expenditures (General Fund)	-1.49%	-1.03%	0.04%	1.88%	2.64%	0.37%	0.50%	-5.10%	-3.49%	-0.84%	1.46%	1.17%	3.10%	2.18%	2.16%	1.97%

Figure 7: Year-to-Year Change in General Tax Receipts (Constant Dollars)

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sales Tax Collections	3.6%	3.4%	6.0%	2.4%	2.8%	-5.3%	-3.4%	-3.2%	1.0%	0.5%	3.0%	-0.3%
Income Tax Collections	-0.1%	1.2%	4.2%	0.9%	-0.1%	-0.2%	-5.1%	-4.7%	-2.3%	-1.1%	2.3%	-2.5%
Property Tax Collections	1.3%	2.0%	1.5%	1.4%	1.0%	2.0%	4.4%	0.6%	3.3%	2.2%	4.0%	6.3%

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (budgeted)
Sales Tax Collections	2.3%	-6.6%	-8.4%	1.6%	6.2%	5.9%	3.1%	5.0%	3.7%	1.8%	0.20%
Income Tax Collections	-2.5%	1.3%	-1.0%	-2.5%	4.4%	3.6%	-1.7%	5.4%	2.4%	1.3%	0.66%
Property Tax Collections	6.3%	6.2%	2.0%	-3.9%	-0.4%	0.8%	2.4%	3.3%	4.3%	2.6%	0.89%

NLC

NATIONAL
LEAGUE
OF CITIES