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## **City Financial Officers Approach 2026 With Caution.**

**Reduced revenues and rising costs leave municipalities tightening their budgets, per a new National League of Cities report.**

### **In Brief:**

- A summer 2025 survey found that many finance officers expect tariffs to drive up costs. Officials are less confident about meeting financial needs next year.
- Cities' revenue streams are tightening, with income tax revenue expected to decline and American Rescue Plan Act money ending late next year.
- The bright spots: property tax revenues still show some growth and a much-feared elimination of municipal bonds' tax-exempt status didn't come to pass.

Municipalities are already spending more cautiously this year, and they expect that trend to hold in 2026 as cities grapple with rising costs, lower revenue, and the wind-down of federal aid, per a [new report](#) from the National League of Cities.

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