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The Troubling Decline in City Revenue Growth.

The economy continues to grow, yet cities anticipate revenue problems. How can both be true?

The most startling conclusion of The National League of Cities' new fiscal conditions report was that revenue growth "stalled" last year and that this trend has continued—creating real problems for city budgets.

This came as a particular shock to us because gross domestic product from coast to coast continues to grow. According to the U.S. Bureau of Economic Analysis, "Real gross domestic product (GDP) increased in all fifty states in the first quarter of 2019."

So, the question emerges: While the economy has remained healthy, why are so many cities experiencing revenue growth stagnation or even declines? Columbia, Missouri (population 122,000), for example, saw annual growth in sales tax revenues of 5.8 percent in 2011, but just 1 percent growth in 2018. The city's budget report last year noted, "Sales tax growth has been historically low for the last four years. These revenue challenges appear to be long term problems."

Continue reading.

Route Fifty

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