

Tampa, FL

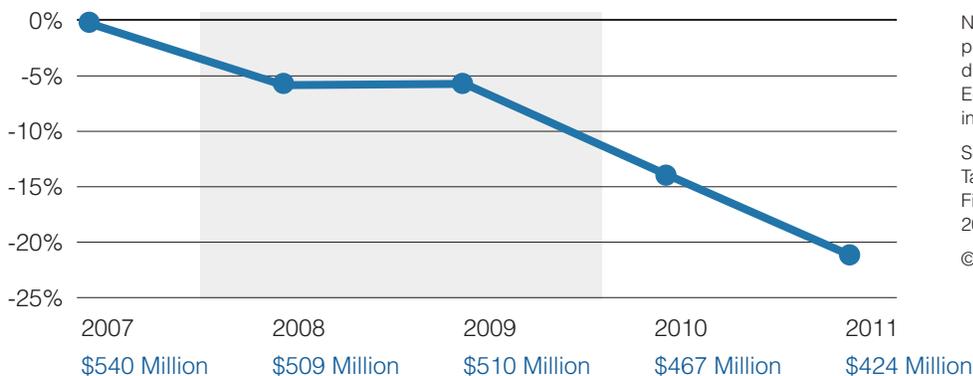
Tampa faced across-the-board revenue declines during and after the Great Recession

Two years after the end of the Great Recession, revenue was still falling in Tampa, driven down by the housing crisis, changes in state law governing property taxes, and unemployment levels that remained stubbornly high. As a result, the city's annual budget surpluses turned into shortfalls by 2011. Reserves remained well funded, though drawdowns began in 2010 and were expected to continue. As city officials explore options to control future costs, growing pension and retiree health care liabilities will be significant factors.¹ The housing bust and state tax reforms contributed to revenue losses.

Tampa's revenue declined in every major category between the 2007 peak and 2011 bottom—falling 22 percent after adjusting for inflation. (See Figure 1.) Property tax collections dropped nearly one-third, or \$55 million, largely because of state property tax law changes designed to reduce burdens on homeowners.² Intergovernmental aid also fell by \$37 million during this period, despite the influx of federal funds through the American Recovery and Reinvestment Act.³

FIGURE 1

Tampa Governmental Revenue, Percent Change From Pre-downturn Peak, 2007-11



Note: Shaded area indicates the period of the Great Recession as defined by the National Bureau of Economic Research. Amounts are in 2011 dollars.

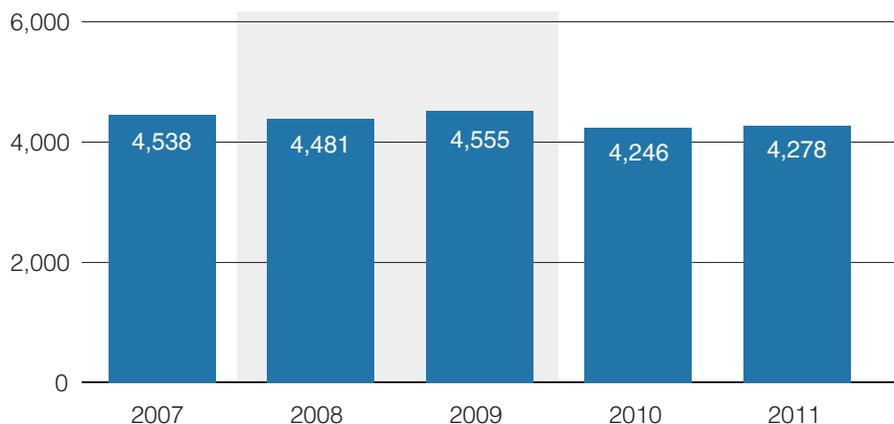
Source: Pew calculations from Tampa's Comprehensive Annual Financial Reports for fiscal 2007-11.

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Operating spending increased \$45 million between 2007 and 2011, largely because the city retired existing debt in 2011.⁴ That one-time expenditure will likely reduce debt service payments in years to come. To deal with shortfalls, between 2007 and 2011 Tampa also cut \$5 million in spending from all other budget areas, in part by eliminating 260 positions.⁵ (See Figure 2.)

FIGURE 2

Tampa Full-Time Equivalent Employees, 2007-11



Note: Shaded area indicates the period of the Great Recession as defined by the National Bureau of Economic Research.

Source: Pew calculations from Tampa's Comprehensive Annual Financial Reports for fiscal 2007-11.

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Managing the future: Tampa has maintained significant reserves despite frequent drawdowns, but pension and retiree healthcare liabilities are mounting

Spending commitments, demand for services, and revenue performance are among important factors that will affect Tampa's future fiscal health. Long-term factors of financial health, which can be analyzed using the data available, are pensions and retiree health care obligations and reserve levels.

Although revenue had been declining for years, Tampa did not draw on its reserves until 2010 and 2011, and even then did so in a very limited way.⁶

Pension and retiree health care liabilities continue to rise while the city explores options to control future costs.⁷ Tampa's pension funding level was 95 percent in 2010 thanks to consistent payment of the annual recommended contribution for its two plans. Even so, the city's pension plans decreased from a high of 104 percent funded in 2007, mostly because of increasing costs. In addition, Tampa had not set aside any funding toward its retiree health care commitments as of 2010.⁸

See Pew's 30-city interactive at pewstates.org/City-Fiscal-Conditions-Interactive for complete data.

Endnotes

1 See the full study methodology at <http://www.pewstates.org/City-Fiscal-Methodology> for a detailed explanation of the terms used in this profile and view the underlying data at [pewstates.org/City-Fiscal-Conditions-Interactive](http://www.pewstates.org/City-Fiscal-Conditions-Interactive).

2 State-imposed limits on property taxes, intended to aid homeowners during the recession, were implemented in 2008 and compounded the effect of the downturn. The following year, the city restored its property tax rate to approximately 2007 levels. For owner-occupied properties, a cap was set to restrict increases in assessed value to 3 percent per year. In addition, a one-time measure required municipalities to roll back collections to levels from the prior year, largely keeping property tax revenue flat and effectively reducing the property tax rate. City of Tampa, *Comprehensive Annual Financial Report, for the Fiscal Year Ended September 30, 2011* (2011), 3 and 16, https://www.tampagov.net/dept_accounting/files/CityofTampaCAFR2011.pdf; Trista Winnie, "Florida Property Taxes," *NuWire Investor* (June 21, 2007), <http://www.nuwireinvestor.com/articles/florida-property-taxes-511106.aspx>; and Constitution of the State of Florida, Article VII: Finance and Taxation, Section 4: Taxation; assessments (2013), <http://www.leg.state.fl.us/Statutes/index.cfm?Mode=Constitution&Submenu=3&Tab=statutes#A7S04>.

3 City of Tampa, *Tampa Recovery and Reinvestment: Status of Funding Opportunities for the City of Tampa* (2013), http://www.tampagov.net/information_resources/recovery/status.asp.

4 City of Tampa, *Comprehensive Annual Financial Report, for the Fiscal Year Ended September 30, 2010* (2010), 28, http://www.myflorida.com/audgen/pages/mun_elfile%20rpts/2010%20tampa%20part%201.pdf; and City of Tampa, *Comprehensive Annual Financial Report, for the Fiscal Year Ended September 30, 2011*, 29.

5 City of Tampa, *Comprehensive Annual Financial Report, for the Fiscal Year Ended September 30, 2011*, 161.

6 Moody's Investors Service, "Moody's Assigns Initial Aa2 Rating to the City of Tampa's (FL) \$19.4 Million Taxable Non-ad Valorem Revenue Bonds, Series 2011," new issue (Dec. 8, 2011), https://www.moody.com/research/MOODYS-ASSIGNS-INITIAL-Aa2-RATINGTO-THE-CITY-OF-TAMPAS-FL-PR_233050; and City of Tampa, *Comprehensive Annual Financial Report, for the Fiscal Year Ended September 30, 2010*, 28 and 116.

7 City of Tampa, *Comprehensive Annual Financial Report, for the Fiscal Year Ended September 30, 2010*, 4.

8 For more information on and analysis of the state of retirement funding in the 30 cities, see The Pew Charitable Trusts, American cities project, *Cities Squeezed by Pension and Retiree Health Care Shortfalls* (March 2013), http://www.pewstates.org/uploadedFiles/PCS_Assets/2013/Pew_city_pensions_brief.pdf.