

WHEEL TAX AND BOOT STRAPS: Suttle says the city's \$33 million budget gap is all of our mess

by Brandon Vogel

Mayor Jim Suttle has opened four recent community budget forums with the same message:

"I didn't create this financial situation, and neither did you."

But citizens would have to pay for it through \$44 million in new taxes under Suttle's 2011 city budget, amounting to about \$209 more per household. Suttle said the city must either increase revenues to close an anticipated \$33.5 million budget gap or cut city services.

His 2011 city budget calls for increasing the property tax by 4.4 cents, a \$23 hike in the annual wheel tax, and a new 4 percent tax on all restaurant, bar and catering tabs.

Property owners who enjoyed seven-straight years without a property tax increase now face their second-straight year with an increase greater than 9 percent. The proposed 2011 rate of 52 cents would mark the highest property tax level since 2000. Suttle frequently cites that time — during former Mayor Hal Daub's watch — as the source of Omaha's financial woes.

The wheel tax represents a 65 percent increase over last year. Participants in a budget forum at Millard South High School on July 22 said the \$58 cost to license a vehicle is significant in tough economic times.

"I work part-time making \$8.45 an hour and I can't pay my wheel tax next year," P.J. O'Halloran told Suttle after the forum. "How am I supposed to license my vehicle to get to my job?"

Following last year's failed attempt to institute a 2 percent tax on entertainment venues, Suttle's proposed 4 percent restaurant tax has left many bar and restaurant owners feeling unfairly targeted. The city projects it would gain \$23 million from the tax. The mayor hopes pumping \$2 million of that money into an ad campaign targeting residents of nearby cities would lessen the impact on the local businesses.

A similar marketing campaign targeting Kansas City over the past 12 months brought in an estimated 200,000 visitors and \$60 million, according to the Convention and Visitors Bureau.

Marie Losole, co-owner of Lo Sole Mio, said she isn't comfortable leveraging her bottom line on out-of-town guests.

“I feel that the majority of people that live here in town are the ones who mainly support the restaurants. Those [out-of-town visits] are so scattered in between that a restaurant cannot count on those at all times.”

Omaha’s not alone in its budget woes. U.S. cities face a combined budget shortfall as high as \$80 billion between 2010 and 2012, according to estimates by the National League of Cities.

Colorado Springs became a national poster child for extreme budget cuts last year when voters nixed a property tax increase that would have cost households an extra \$160 annually to close a \$28.5 million budget shortfall. The city had to make drastic cuts to services, including turning off one-third of its streetlights and stopping bus service on nights and weekends.

Suttle told the crowd at a Omaha South budget forum Aug. 2 that he doesn’t want to be the next Colorado Springs. He hopes his budget helps maintain Omaha’s quality of live, which he has called “the envy of other cities.”

But for a cash-strapped community that has seen a number of non-essential additions to the city’s landscape in recent years, some are asking if that’s Omaha’s most pressing need.

“You need to get down to our level here — blue collar,” Steve (who declined to give his last name) told Suttle at the first community forum. “If I walk across the Bob Kerrey Bridge once in my life I’ll be amazed.”

The City Council will vote on the 2011 budget at a public hearing Aug. 10 at City Hall.

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