



Counties Need to Tighten Their Belts

Recently, officials of Douglas County have made a wide range of assertions in response to LB970, Governor Heineman's tax relief package which would lower both individual and corporate income tax rates as well as repeal the state inheritance tax, which is collected on the county level. The provision to repeal the inheritance tax has led many of these officials to assert that repealing the tax would result in increased property taxes or cuts to essential services.[\[1\]](#) We contend that counties should make every effort to tighten their own budget belts before cutting services or raising taxes.

Over the past three years, Douglas County's budget has grown by about 3 percent a year, more than twice as fast as the rate of inflation, which has averaged out to be 1.43 percent between 2008 and 2011.[\[2\]](#) During this same time, Douglas County has steadily received less revenue from inheritance and property tax receipts. Property taxes have remained relatively stable over the past three years with mill levies of the various cities of Douglas County averaging to about 2.22 percent; yet inheritance taxes have been an unstable source of revenue for the county, and have decreased in absolute monetary terms by nearly \$2 million since 2008.[\[3\]](#)

Nebraska families and small businesses have tightened their belts while the salaries of government officials have risen 15.6 percent between 2006 and 2010, from \$83 million to \$98 million.[\[4\]](#) Data compiled by the *Omaha World Herald*, estimated that Douglas County employees who stayed in the same positions had seen their salaries increase by as much as 19 percent.[\[5\]](#)

This could lead citizens to question the claims being made by Douglas County officials. The inheritance tax has only resulted in slightly over \$8 million the past two years at the same time that salaries and spending have continued to increase at higher and higher rates while Americans in the private sector have struggled. In a raise that took effect this month the salaries of 40 county officials who already made over \$100,000 a year increased and another measure retroactively gave raises to detention center employees for work done in 2010, 2011, and 2012, combining for an 8 percent raise over those three years.[\[6\]](#) Reports indicate that few of these raises were tied to job performance.[\[7\]](#)

The inheritance tax is not a make or break part of the Douglas County budget. The loss of the inheritance tax could be absorbed by restricting government spending. If Douglas County froze spending at FY2009 levels, then they would not even need the revenue from the inheritance tax. Such a feat is possible, cutting spending does not have to mean raising taxes or cutting services. Freezing the amount paid to county employees at 2008 levels would save over \$6.5 million.

Of course, Douglas County is not alone in opposing the tax reductions proposed by Governor Heineman. As the Governor recently pointed out, Sarpy County has given out raises to leading county officials, including a 8.1 percent salary increase for County Administrator Mark Wayne and a 7.2 percent increase for Fiscal Administrator Brian Hanson. This is after their salaries-and those of other Sarpy County employees-increased over the past three years and are scheduled to continually increase for the next three years.[8] Sarpy County officials also receive free health insurance.[9] While the Sarpy County Board did vote to delay raising pay on Tuesday, there is more that could be done to save money to absorb any costs that would come from repealing the inheritance tax.[10]

Taxpayers and business owners have had to tighten their belts to weather the recession. LB970 would ensure family farms, ranches, and businesses stay solvent for the next generation, providing income and jobs. Instead of threatening to raise taxes and cut services, the elected officials of Douglas and Sarpy Counties should look at how they can make government leaner and more efficient, and they could start by examining their own paychecks.

[1] John Ferak, "Plan to get rid of inheritance tax decried," *Omaha World Herald*, January 25, 2012. Accessed January 25, 2012: <http://www.omaha.com/article/20120125/NEWS01/701259872/1007>.

[2] US Inflation Calculator, "Current Inflation Rates: 2001-2012," accessed January 25, 2012: <http://www.usinflationcalculator.com/inflation/current-inflation-rates/>. Average rate based upon author's calculations.

[3] Douglas County Mill Levies by subdivision and city, 2011-2012. NP Dodge Title Services, January 26, 2011. Accessed February 2, 2012: <http://www.lotsomaha.com/pdf/2011douglass.pdf>; Inheritance tax information taken from information compiled and provided to the author by the Nebraska Supreme Court Budget and Fiscal Office.

[4] Douglas County Salaries, *Omaha World Herald*. Accessed January 25, 2012: http://dataomaha.com/douglas_county_salaries/. Percentages calculated by author.

[5] Douglas County Salaries, *Omaha World Herald*. Accessed January 25, 2012: http://dataomaha.com/douglas_county_salaries/; John Ferak and Matt Wynn, "In Douglas County, longevity pays," *Omaha World Herald*, August 22, 2010. Accessed January 25, 2012: <http://omaha.com/article/20100822/NEWS01/708229919>.

[6] John Ferak, "Plan to get rid of inheritance tax decried," *Omaha World Herald*, January 25, 2012. Accessed January 25, 2012: <http://www.omaha.com/article/20120125/NEWS01/701259872/1007>.

[7] http://dataomaha.com/douglas_county_salaries/; John Ferak and Matt Wynn, "In Douglas County, longevity pays," *Omaha World Herald*, August 22, 2010. Accessed

January 25, 2012: <http://omaha.com/article/20100822/NEWS01/708229919>.

[8] John Ferak, "Double-digit raises up for a vote," *Omaha World Herald*, January 30, 2012. Accessed January 31, 2012:

<http://www.omaha.com/article/20120130/NEWS01/701309890/-1#double-digit-raises-up-for-a-vote>; John Ferak, "Heineman rips Sarpy raise plan," *Omaha World Herald*,

January 31, 2012. Accessed January 31, 2012:

<http://www.omaha.com/article/20120131/NEWS01/701319901#heineman-rips-sarpy-raise-plan>.

[9] Ibid.

[10] John Ferak, "Sarpy delays managers' raise vote, asks for more data," *Omaha World Herald*, February 1, 2012. Accessed February 2, 2012:

<http://omaha.com/article/20120201/NEWS01/702019899/-1>.



If you do not wish to receive this newsletter or if you wish to be removed from all future newsletters, please [click here](#) to manage your subscriptions.