

Farmington Observer

Volume 91 Number 61

Thursday, May 15, 1980

Farmington, Michigan

74 Pages

Twenty-Five Cents

© 1980 Suburban Communication Corporation. All Rights Reserved

Choices are myriad in tax proposal war

Nearly 20 major tax cut proposals have been initiated in Michigan to date — enough to tax anyone's imagination.

Initiative proposals of Rep. Roy Smith, R-Ypsilanti and Rep. Perry Bullard, D-Ann Arbor; Rep. Mark Siljander, R-Three Rivers; and Shiawassee County Drain Commissioner Bob Tisch merit a closer look as does the Republican Task Force Proposal spearheaded by Rep. Donald Van Singel, R-Grant, and Sen. Harry Gast, R-St. Joseph.

Five other proposals are highlighted here to help voters sort through the offerings.

Governor William Milliken's tentative proposal would:

- Provide homeowners a \$500 property tax exemption.
- Remove 1 percent sales tax per year from household utility purchases.
- Increase the tax equivalent of renters from 17 percent to 22 percent of rent, and provide a \$50 minimum to all renters.
- Reimburse local units of government for revenue lost.
- Increase the sales tax from 4 percent to 5.5 percent.

Senator Gary Corbin, D-Clio and Rep. Bobby Crim, D-Davison, head up an assortment of senate bills:

- SB838 exempts first \$5,000 of state equalized valuation (SEV) of homesteads from property taxes; the state reimburses local units for revenue loss.
- SB835 revises homestead property tax credit so that \$3,000 exemption is not included in property tax credit computation. Increases sales tax credit for low income persons.
- Provides for an equivalent income tax credit for renters.

- SB840 increases sales tax by one percent.
- SB841 increases use tax by 1 percent.

Senator Stephen Monsma, D-Grand Rapids, is sponsor of SB1110 which would:

- Return to homeowner taxes in excess of 3.5 percent of household (personal) income.
- Increase income tax from 4.6 percent to 5.1 percent.
- Increase personal exemption from \$1,500 to \$1,800.

- All property tax returned to those with less than \$4,000 personal income.
- Greater relief for those from \$4,000 to \$10,000 income.

An initiative petition sponsored by Rep. Ed Fredricks, R-Holland, would:

- Repeal the Single Business Tax on Dec. 31, 1980.
- Decrease the personal income tax rate from 4.6 to 4.4 percent on Jan. 1, 1981, 4.2 percent on Jan. 1, 1981, and 4 percent on Jan. 1, 1986.
- Exempt pension income from the personal income tax.
- Increase the personal exemption

from \$1,500 to \$1,800 and indexes the exemptions to the Detroit consumer price index.

- Institute a 10 percent corporation and financial institution income tax with a \$50,000 indexed exemption.
- Prohibit the levying of taxes other than the 10 percent income tax on business income.

Rep. George Montgomery, D-Detroit, is sponsor of HB4075 which would:

- Double and graduate the property tax credit system.
- Increase the income tax from 4.6 percent to 5.4 percent.

Siljander eyes sales tax hike

By STEVE BARNABY
Farmington editor

He speaks with the fervor of a revivalist preacher more than the polish of a state legislator.

He's young, 28, and looks at himself as an outsider from the Lansing political establishment.

For three years the chairman of the Christians in Government State Leadership Committee has been battling to get his property tax relief proposal approved by his colleagues.

Each year he has been thwarted.

That's why State Rep. Mark Siljander, R-Three Rivers, has taken his crusade to the streets.

The Siljander initiative petition drive is just one of at least four seeking the necessary 280,000 signatures to make the November ballot.

But time and name recognition both are working against Siljander's goal.

He has only until July 9 to collect the needed signatures. And he's fighting against some well-known statewide fig-

ures who tout their own tax reform drives — Robert Tisch and State Rep. Perry Bullard, D-Ann Arbor, are two examples.

Siljander, by contrast, comes from a western Michigan city of 7,355 and is an unknown quantity in the heavily populated Detroit metropolitan area where most signatures are obtained for such petition drives.

"I think the people of this state are mad so one of these tax proposals are going to pass," he tells those who gather to listen.

"Something's got to be done, but we've got to work together. I'm not out to get you," he says to those who question the intent of "just another" state legislator.

THE SILJANDER amendment, if adopted, would eliminate property tax on the first 25 mills assessed by the state's school districts, resulting in a net tax savings of more than a third of a billion dollars.



MARK SILJANDER

Some \$450 million in lost revenues would be made up through a 1 percent increase in the state's sales and use tax, according to Siljander.

"It's a tax cut, not a shift," he says, noting that other, past proposals would shift taxes over to the income tax.

The proposal put forth by Bullard and State Rep. Roy Smith, R-Ypsilanti, is a tax shift.

(Continued on Page 2A)

Tisch proposes budget slash

By MARY GNIEWEK

Robert Tisch plans to cut \$2 billion out of the state budget and at least a dozen other tax cut/tax shift proposals including Governor William Milliken are trying to sell voters a less drastic plan.

If the Tisch plan is approved, it would cut by half property taxes based on 1978 state equalized valuation, by 75 percent taxes of those earning between \$5,000 and \$10,500, and exempt from property tax households earning less than \$5,000.

The state would be required to reimburse local government for every tax dollar lost including school district revenue (the amendment would exempt anyone over \$2 from paying school operating millage).

Any new state taxes would be subjected to support of 60 percent of Michigan voters.

Tisch doesn't offer a plan to compensate for the \$2 billion chunk out of the almost \$9 billion state budget. Legisla-

tors have called his proposal irresponsible and say passage would be devastating.

Yet support is rolling along. He needs 280,000 signatures on petitions by July 9 to get the proposal on the November ballot. Depending on taxpayer mood a half-year from now, his plan could be implemented.

IN HIS STATE-STOMPING campaign, Tisch, a county drain commissioner from the Lansing area, visited Farmington April 30 to pass out petitions, discuss his plan and answer questions before a gathering at the community library.

City Manager Robert Deadman listened to the presentation and reported to the Farmington City Council last week that the Tisch amendment would cost the city \$425,000 that wouldn't be made up elsewhere.

Even cutting out the library, social programs and senior citizen programs would leave the city \$130,000 in the red, according to Deadman.

Though figures aren't computed yet



ROBERT TISCH

for Farmington Hills, City Manager Lawrence Savage reports that the Tisch plan would cause "a rather substantial reduction in local revenues."

"It would hurt every area of service," he said.

The petition sheets Tisch supporters circulate spell out the specific cuts the amendment would entail. Yet state legislators are hazy on analyzing just what the amendment would do to the tax structure.

Bullard wants income tax shift

By STEVE BARNABY
Farmington editor

State Reps. Perry Bullard, D-Ann Arbor, and Roy Smith, R-Selling, have launched a bipartisan effort in an attempt to cut off public support for the Tisch tax cut petition drive.

water quality are cut 20 percent," he said.

Bullard estimates that the state would have \$1.7 billion to work with under Tisch — less than half of current funding.

"ANYONE WHO BELIEVES that these essential services can be provided at less than half their current cost is being misled or misinformed."

"No matter how hard we try, we can't get something for nothing, not even from the state of Michigan," he says.

As an alternative, the Smith-Bullard plan would eliminate property taxes for the support of K-12 education. In addition, senior citizens would be exempt from all property taxes on the first \$25,000 of homestead value.

The money would be made up by an increase in the state income tax of less than 2 percent and a statewide tax on all property other than homesteads and resident farm property of up to 30.5 mills.

Residents of every school district



PERRY BULLARD

would have the option of voting to supplement state funding with a local tax of either seven mills or a one percent income tax, separately or in combination, for local educational programs.

"For working people, this amendment represents a more equitable funding of K-12 education by shifting from an often unfairly inflated property tax on homes to a much more progressive income tax while sharing revenue for school funding from the statewide tax

(Continued on Page 12A)

GOP seeking Lansing action

By MARY GNIEWEK

The Siljander proposal offering tax relief to beleaguered property owners across Michigan is just about being duplicated by a Republican Task Force committee proposal in Lansing.

The difference between the two is that Siljander is going the petition route to get his proposal before voters in November while Task Force backers are trying to do it in the state Legislature.

The main elements of the Task Force proposal are to reduce taxes by exempting the first 26 mills levied by local government for operation of schools; exempt \$25,000 of state equalized valuation (SEV) for senior citizens and the disabled; increase renters rebates through special tax forms from 17 to 20 percent; raise the sales tax 1.5 percent and cut state spending by \$250 million.

"It's innovative, creative, reasonably simplistic and would cut the duplicity of county and local services," said Sen-

ator Harry Gast, R-St. Joseph.

Some 24 field offices of the Department of Treasury now help senior citizens obtain tax breaks. The Task Force proposal would standardize the procedure for property owners over 65.

Gast is co-sponsor of the proposal with Rep. Donald Van Singel, R-Grant.

The Republican leaders have been meeting almost daily with Democrats in both Houses to garner legislative support. A two-thirds majority vote is needed.

"OUR PLAN encompasses a tax shift and a tax cut," Gast said.

The shift would be from property owner to sales tax, which would offer between \$350 and \$400 million in property tax relief, according to the sponsor.

Yet, he says, the exemption for seniors would cost much to the state since seniors are already eligible for many tax breaks through such programs as the circuit breaker.

Further, the proposal would index in-



HARRY GAST

come tax personal exemptions, credits and deduction levels to the rise of inflation.

At this point, Van Singel isn't optimistic that either the Task Force or Siljander proposal will become law.

"It takes a large organization to support a petition drive," he said.

"In order to get (task force proposal) through legislatively, we need two-thirds support."

"At this point, we have not received support. There's been a lot of talk but little action."

Unhappy homeowners seek action against Pulte

By MARY LOU CALLAWAY

Beverly Taylor of Piccadilly Drive in West Bloomfield has joined a number of other unhappy homeowners in complaints against Pulte Homes of Michigan.

But she has gone a step further by filing a formal complaint with the state Department of Licensing and Regulations.

At an informal hearing in Lansing last week, Ms. Taylor and Pulte Vice

President Michael Moore reached no agreement. Now the state agency has decided to pursue the case on her behalf.

Moore has been unwilling to comment.

The formal hearing could be delayed as much as a year. It could result in revoking, suspending or restricting Pulte's license or the case could be dropped, according to an agency spokesperson.

Other Pulte Fox Run Green subdivi-

sion residents in West Bloomfield have publicly complained about exterior problems to such an extent that the township board is refusing to put any further Pulte projects on planning commission agendas until the problems are cleared up.

But Pulte can and is continuing to get building permits for already approved subdivision plans such as Fox Run Green, Farmington Road north of Maple Road.

It is Ms. Taylor's understanding that a 12-member state jury panel will hear her case.

"I CAN'T AFFORD a lawyer, but now I'll have the state attorney general representing me," she said.

"There are eight homes for sale in one block of our subdivision. But I couldn't ethically pass this lemon on to someone else. It took me eight years to save for this house. I love it. It's my family's greatest pleasure," said the divorced mother of four children who is a real estate saleswoman.

Although her list of defects totaled 32, many were minor concerns, she said. Moving to Michigan from California, she closed on her home in Novem-

ber 1978 after having heard "nothing of Pulte's reputation."

Her big problems are that "the driveway is in the wrong place. I didn't even get the standard insulation, the ceiling came down. There was damage to the floors. I paid an extra \$1,000 for a view of trees which they then bulldozed for a construction road."

During the first year she owned the house, she said her heating bills were \$200 per month because of the lack of insulation.

"I filed with HOW, but that's a big zero," she added.

HOW is the Home Owners Warranty 10-year program, a concept of the National Association of Home Builders.

REPAIRS COST her insurance company nearly \$5,000 and she spent more than \$2,000 on insulation and grading, she said.

Praising the West Bloomfield Township Board and Supervisor John Doherty for support, she said she was told her problems are out of their hands.

"There are no local insulation requirements," she added.

But Doherty said the township's in-

spection conform to statewide BOCA code requirements.

She also questioned why roofing paper is not required in West Bloomfield but is in Farmington Hills.

what's inside

Classified Ads	Sections E-F
Entertainment	Section D
Obituaries	Section 4A
Sports	Section B
Suburban Life	Section C

If Pulte should be able to prove the complaints have been handled within three months, the state would drop its case, according to the licensing and regulation bureau.

MEMORIAL DAY DEADLINES

Due to the Memorial Day holiday, our deadlines for Monday, May 26, will be changed. All editorial copy is due 24 hours earlier than usual and advertising space reservations can be made until noon on Thursday, May 23. Real Estate ads for Thursday, May 29, are due by Friday, May 24, at noon.