

Small guy suffers Businessmen lament state tax

By LOUISE OKENSKY

Farmington residents engaged in business and the professions are finding themselves allied against Michigan's Single Business Tax.

Not only owners of small businesses but also attorneys, doctors and accountants believe that the tax isn't equally leveled. Ed Lane, executive director of the Farmington Chamber of Commerce said:

"If you're a small businessman, you're paying more taxes and as a result, you'd say the tax isn't equitable," he says. "If you're a large corporation that isn't paying more taxes, you'd say that it is equitable. (Doctors, lawyers and accountants are also paying more.)"

"I've heard widespread complaints about the tax," he said.

Some businessmen view the SBT as part of a bad business climate which makes it expensive to be a businessman in Michigan, said Lane.

"BENEFITS ARE GIVEN TOO FREELY," he said. "Completely returned men can draw unemployment. Michigan has become an unbusinesslike state for business."

Some businessmen believe they are contributing too much to the state's workman's compensation fund and to the unemployment fund, he said.

"Some believe that Michigan should lower its compensation rates and enact stricter rules about drawing unemployment," Lane said.

"The businessman feels he's been asked to pay too high a part of the tax," Lane said, adding that he doesn't believe that the SBT was aimed against the small businessman.

While conceding that the tax has eliminated some of the bookwork involved with the several taxes it has replaced, Lane said the small businessman is finding it difficult to be competitive with out-of-state businesses because of the additional cost.

"You can't manufacture things on a competitive basis," he says.

Out of state businesses can manufacture things more cheaply because they don't have to pay as much into a business tax, unemployment and compensation funds, he said.

He said the SBT hasn't been in force long enough to get a complete picture of its effects. "I don't think anybody would know what its effects will be," he said.

State Representative William Brotherton, an opponent of the tax, says "No one was able to prove to me that the tax will be fair and equitable. It appears to have unfairly increased taxes on certain professions and small businesses while lowering them on certain industries and large manufacturing concerns."

"I don't believe that the lower taxes and the special fast write-off provisions on capital improvements available to the certain intensive industries would produce additional jobs as expected."

"Michigan's job climate won't improve

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--Lee Nicholson

until we substantially modify our unemployment laws and speed up processing of appeals of construction or remodeling under existing acts related to Environmental Protection, Plant Rehabilitation and Downtown Development.

The SBT was expected to lure large business and corporations to Michigan by taxing their operating costs rather than their profits. Tax advantages given to the large businesses would increase business in the state and open new jobs.

"The SBT taxes labor costs, so industries with heavy capital, such as steel mills, will pay less taxes than they otherwise would," Dr. James Haggerty, assistant director of the state office of revenue and tax analysis also said.

"THE DECREASE IN TAXES for heavy industry will attract manufacturers to the state creating more jobs and subsequently a need for more small businesses," he said.

Small businesses and professions are faced with added paperwork as well as taxes, said Farmington area businessmen.

"It's a bookkeeper's nightmare. I've been trying to figure out what my tax base is. My auditors will probably come in and tell me I was wrong and that I'll have to pay more than I expected," Lee Nicholson, vice president of Magnetic Video Corp. 2343 Industrial Park Court, Farmington, said.

Although he expects to pay the same amount in taxes as he did before the introduction of the SBT, Nicholson is against the tax.

"It's amazed it got through," he said. "It's not based on the ability to pay."

"We mean not to have been affected," he said.

"The bill was a shrewd political move to encourage heavy manufacturers to stay in the state. I'm not so sure it's fair to small businesses. I think it'll discourage some from playing, or starting a small business," he said.

Nicholson regards his business as a small enterprise.

Lake Lane, he believes that workman compensation and unemployment costs are hurting small businesses. "It's driving up the premium. The environment in Mich-

igan doesn't attract small businesses. Many would like to move out."

Accountants and attorneys have also felt the impact of the SBT.

"In my case, it has definitely affected me," Delbert Pretty, 2070 Farmington Road, Farmington, said. Pretty, an accountant, didn't pay any of the taxes which the SBT had replaced. "I didn't pay any of them because they were on corporations, only I wasn't incorporated."

Any number related to zero is significant, he said, adding that he pays about \$50,000 a month towards the tax.

"Fifty or sixty dollars isn't going to put me out of business."

His client consists mainly of small businesses.

"My clients have hardships in two places," he said. "A small businessman, such as myself, who didn't have to pay taxes before and now does—he has a hardship in that, alone."

"BEFORE THIS TAX, there were no taxes like it in some cases. One client I have is paying about \$1,000-2,000 toward the SBT."

Most larger businesses were already incorporated and paying corporate taxes, Pretty said. These businesses are paying

close to what they paid under the old tax.

"In a non-profit year, the SBT makes a bad year, horrible. You're taxed even if you lose money. Before, you would file a claim for a refund and it helped to compensate for a bad year," Pretty explained.

"In my case, it's not a hardship, but in some cases, it's serious," he said.

"The law seems to me to help a company designed like General Motors," he said. "It's designed for a highly profitable corporate entity."

Robert Deyak, 2275 Orchard Lake, Farmington, is an attorney who would be happy to see the state return to its old tax system.

"Basically, I'd be most happy to see us return to what we had," he said.

"It hurts the professional men because it's merely with minor exceptions, a tax on gross receipts," he said.

"It's a sole practitioner, there are certain exceptions, so it doesn't hurt."

He believes the tax is detrimental. "It's a tax which dulls incentive when you get over certain limits, it becomes too expensive."

"In the professional area, you deal with very little material content, it deals with time spent and wages," he said.

"The SBT replaces the state's inventory tax," he said. "I have virtually no inventory, so that hasn't helped me at all."

Businessmen dealing with inventory find that they may be paying the same amount as the old taxes or less.

"I paid the first installment and the tax will probably be beneficial to us," Al Kay, one of the owners of Towne Toggery, Inc., the downtown Farmington Center, said. "We paid less than what we had been paying before."

"Anyone with a larger inventory will probably be helped," he said. "The ones who are complaining are without inventory. I'd like to see it go for a year, then decide if there should be a change in the law," he said.



Farmington youngsters took advantage of warm weather this week and headed to area pools and swimming clubs to cool off or avoid cutting the grass at home. (Staff photo by Cyd Abatt)

Eight Mile paving cost quoted

"The opportunity is fast approaching..."

That's the way that Oakland County Highway Engineer Paul Van Noerke described the possibility of paving Eight Mile between Orchard Lake and Farmington Road.

In a letter to both the cities of Farmington and Farmington Hills, Van Noerke explained that federal funding was possible to pave the road beginning next spring.

"You are aware that the reconstruction of Eight Mile from Farmington Road to Orchard Lake to a five-lane pavement has been the subject of considerable planning

and discussion for a number of years," he said.

"To the best of my knowledge there has been unanimous agreement that it should be done at the earliest opportunity."

Funding of the project will be divided between Wayne and Oakland counties, the cities of Farmington, Farmington Hills and Livonia.

The road-widening project has been delayed for a number of years because both Wayne and Oakland counties couldn't agree that it was a priority road in the same year. Eight Mile lies on the border of the two counties.

With the estimated cost of the project set at \$1.2 million the federal government will pay 70 per cent, or \$840,000. The Oakland County Road Commission will fork over \$250,000, with Farmington Hills paying out \$62,000 and the City of Farmington paying \$31,000.

The Wayne County Road Commission will pay \$111,000, or nine per cent and the City of Livonia will pay \$74,000, or six per cent.

"Normally these federal funds would become available Oct. 1 of this year," said Van Noerke. "But there is a fair chance

that they will be available prior to that time. There also is the possibility that some transitional quarter federal funds can be used which wouldn't count against the normal annual allotments."

"At any rate, we are pressing ahead with the project, which means that agreements for the city involvement and participation will be necessary at an early date."

The improvement and widening of Eight Mile was the center of attention recently when the Farmington Area Chamber of Commerce sponsored a move to have the road repaired.

Deacon, Dudley alliance brings council challenge

By STEVE BARNARD
Farmington editor

Within minutes after becoming Farmington Hills mayor, Keith Deacon was faced with a tie-breaking vote, the result of which could be an indication of changing alliances which may affect future council decisions.

Deacon's vote elevated Councilwoman Ann Dudley a traditional Deacon adversary, to the mayor's proxy position.

The drama unfolded at the week's council meeting at which Councilman Earl Oppenheimer stepped down from the mayor's seat after serving for one year.

"Every member of the council should go through a year as mayor. You really learn quick," Oppenheimer—remarked before opening nominations for the mayoral position.

THE WORDS were prophetic for Deacon.

Under the Farmington Hills charter, the mayor and mayor pro-tem positions are chosen by the seven council members.

Councilmembers Oppenheimer, Bob McConnell and Jack Dolan supported Mrs. Deacon for the second position. Councilmembers Fred Lichtman, Mrs. Dudley and Joanne Smith supported Dudley for mayor pro-tem.

The decision was left up to Deacon.

Deacon has traditionally been viewed as falling into the Oppenheimer-Dolan camp, with McConnell being the swing vote on the council.

But political alliances were thwarted when Mrs. Dudley nominated Deacon for the mayoral position. He was unanimously elected to the seat.

When nominations for mayor pro-tem were opened, McConnell threw Mrs.

Deacon's decision to cross political lines if his first decision as mayor could be an indication of his desire to be identified as his own man.

DEACON HAS been plagued by the image of being a "yes" man. During the last council election, Deacon vowed to speak out on more of the issues.

Deacon's decision also leaves open to speculation on just how he will vote for a replacement for McConnell, if McConnell is elected as a county commissioner in November on the Republican ticket.

Once again, he could be the tie-breaking vote if that possibility arises.

This peace-making gesture between Deacon and Mrs. Dudley could also serve as an advantage for the mayor during his tenure.

Oppenheimer was haunted throughout his year as mayor by strong opposition from Lichtman and Dudley, who many times managed to garner support from McConnell and Smith to defeat Oppenheimer positions.

During his reelection campaign, Deacon took strong stands on development of parks, improvement of road systems and maintenance of a human rescue service. To put his ideas into action, Deacon would have to depend support from Mrs. Dudley, Lichtman and Mrs. Smith.

Mrs. Dudley also was given a political boost in being named mayor pro-tem. If tradition is followed next year, she will become mayor. Farmington Hills' first woman mayor, when she is faced with running for reelection.

KEITH DEACON

Deacon's name into the ring, while Lichtman nominated Mrs. Dudley. Before the meeting, it was suspected that McConnell would be the deciding vote, rather than Deacon.

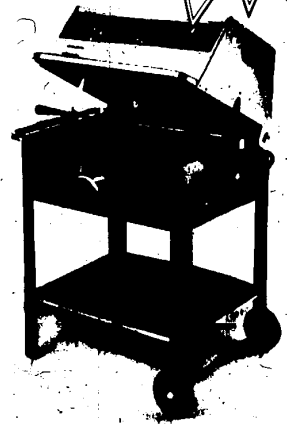
The council chamber was silent as all eyes were on the new mayor, who put his hands to his face, shook his head and then loudly proclaimed "Dudley!"

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Holiday Deadlines

Due to the Independence Day weekend, your Observer & Eccentric will be delivered Tuesday, July 6. Deadlines for this edition will be earlier than usual. Space reservation for display advertising must be made by noon, Thursday and news copy must be in by Thursday at 3 p.m. Classified deadlines remain unchanged. Our offices will be closed on Monday, July 5.

Citizens League needs volunteers

The Oakland Citizens League, a volunteer non-partisan fact-finding organization affiliated with Detroit's Civic Searchlight, is asking for volunteers for its candidate evaluation committee.

The league, which publishes a voters guide before primary and general elections, has been raising candidates and evaluating ballot issues since 1977.

Committees are being formed to interview Oakland County candidates for Congress, the Michigan House of Representatives and county and judicial offices. The interviews, which will be July 6-13 at the Birmingham Community House, are open to the public.

League membership is open to all residents of Oakland County who are 18 years old or older. County residents interested in serving on a committee or in membership should call the league's offices at Civic Searchlight, 961-1300.