

# Otterbacher stumps on tax reform trail

By MICHAEL MATUSZEWSKI

State Sen. John R. Otterbacher (D-Grand Rapids), a candidate for the Democratic nomination for the United States Senate, last week outlined yet another tax reform proposal.

Bringing his "no frills" campaign to a meeting of the Livonia Optimist Club, he said he would favor scrapping the property tax as the primary method of financing public schools.

A tax limitation proposal championed by a group called Taxpayers United for Tax Limitation; a tax cut being sought by Shawassie County Drain Commissioner Robert Tisch and a group called Coalition for Property Tax Reform are trying to hold down government spending by limiting property tax revenues.

Otterbacher also proposed putting an eight-mill to 13-mill ceiling on local property taxes. These revenues, he said, would be used to fund local government. Otterbacher's proposal resembles another plan being discussed at the state capital. That plan would keep total tax payments the same, but would reduce property taxes and increase income taxes.

The public schools, dependent on property tax revenues, would thereafter be funded from the state's general fund.

The lost revenue from the property taxes would be made up by increases in the state income tax and corporate taxes, Otterbacher said.

"THAT'S TAX reform—a shift away from an unfair tax to a tax that reflects an ability to pay," he said.

"The property tax is unfair. It doesn't reflect an ability to pay."

He called his alternative "more radical" than the Tisch Amendment which would cut property taxes in half and limit future increases in property assessments to 2½ per cent a year.

"The Tisch Amendment would cut property taxes in half," Otterbacher said, "mine would nearly eliminate property taxes."

It is unlikely voters will get a chance to vote on his proposal, though. It is not being pushed by any organizations. It has neither the funding of the Taxpayers United tax limitation plan nor the volunteers and grass roots support of the Tisch Amendment.

In order to find it's way to a place on the November ballot, Otterbacher's proposal would have to gain the support of two-thirds of both houses of the state legislature.

Otterbacher endorsed neither Tisch's proposal nor the more moderate tax limitation plan.

"I'm trying to find out what their effects would be the next time Michigan had a recession. What would it mean if it were 1974 revisited in 1980?" "What does eight per cent unemployment for 18 months mean? Would it mean a curtailment in schools?" he asked.

His questions were aimed directly at Headlee's tax limitation proposal which would limit taxes to a percentage of the state's total personal income plus an allowance for inflation based on the cost of living index.

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