

Five months after effective date

Questions about Headlee law still unanswered

By TIM RICHARD

Richard Headlee thought he was making it clear last fall. His ballot proposal was for tax limitation, not cutting. Government revenues would grow only with inflation.

But Lansing these days is in a turmoil as the Michigan Legislature tries to write laws to implement the Headlee Tax Limitation Amendment. Among the three most important questions:

- When city property tax rates are to be rolled back, do you roll back the charter limitation, which may be as high as 20 mills, or do you roll back what the council actually levied last year, usually less?

- How do you draft a formula for rolling back property tax rates when property assessments rise faster than the consumer price index?

- How do you deal with voters who don't understand the basics of property taxation and who often think they voted for a tax cut?

HEADLEE HIMSELF and Gov. William G. Milliken thought city property tax rates should be rolled back from their actual level.

Rep. Roy Smith, R-Saline, whose rural Washtenaw County district sprawls into suburban Plymouth, says otherwise. If, for example, a city had a charter limitation of 20 mills and levied only 15, any rollback would be applied to the charter limitation, not the actual millage. He points to the words "everything not authorized by law or charter" as the subject of the Headlee amendment.

"Their intent was to deal with state government," said Smith, himself a former township supervisor. And a reading of the amendment shows far more words dealing with state government than with local government.

So far, the legislature is buying Smith's interpretation. Gov. Milliken said in an interview last week he

wasn't upset about that. Headlee said in press releases that he is.

A SECOND bone of contention is how to write a tax rate rollback formula. The job turns out to be amazingly complex.

On the surface it seems simple: If property values rise (say) 12 percent, and general inflation is 8 percent, then tax revenues will rise too fast, and you should roll them back 4 percent under Headlee.

But there are two rival formulas, both using the same raw numbers but adding and subtracting different things in different places. One is Sen. Gary Corbin's SB 202. The other is Smith's HB 4232.

When you go through all the formulas, the bottom lines are that Smith's formula requires a smaller rate rollback than Corbin's.

Smith said the differences would show up only in a small minority of local governments across the state. In high growth areas, his formula would require a smaller rate rollback than Corbin's. In declining areas, his formula would require a larger rollback.

Last week Corbin, D-Clio, held a hearing of his Senate Finance Committee at which an official of the Michigan Association of School Boards found another wrinkle. Suppose that last year a school district had a 20 mills tax rate and this year the people voted three new mills. Because of real estate inflation, the rate must be rolled back, so you have to roll back the 20 mills. But what about the three new mills? Do you roll them back even though the people voted them this year?

Sen. Doug Ross, D-Oak Park, sitting next to Corbin, puzzled through it. "This gets strange. You're telling people that if they want to levy 20 mills, they have to levy (vote) 21.5. That's strange accounting," Ross said, shaking his head.

A SHADOW over the whole proceedings is how the politicians figure the

analysis

public is interpreting the Headlee amendment.

"People tell me, 'My assessment went up. How can this happen under Headlee?'" said Sen. R. Robert Geake, R-Northville.

"Many in my district are incensed their assessments went up," reported freshman Rep. Alice Tomboulian, D-Oakland Township.

The explanation they try to give complainants is that the property tax consists of two parts: the tax base (value of the house) and the tax rate (millage). At this season of the year, homeowners are often getting new

assessments, and they confuse it with the tax bill.

Rep. Ruth McNamee, R-Birmingham, finds her constituents are well informed, but she has a different problem. "One unit (Birmingham) in my district was reassessed by the county. Our assessments went up 33 percent. I get some very unpleasant mail."

"Those people aren't pacified," she said, when a legislator tells them the matter is complex.

THE LEGISLATURE is looking at further bills and constitutional amendments.

Rep. James Defebaugh, R-Birmingham, noted the state constitution says assessments can be equalized at no more than 50 percent, but the legisla-

ture could pass a law uniformly rolling back assessments below the 50 percent of true market value mark.

"But the probability of that going through is remote," said the legislative veteran.

Smith noted that Shiawassee Drain Commissioner Robert Tisch is sending out new tax cutting petitions. The salty-tongued Tisch's tax cut proposal of 1978 was defeated by voters, but Smith said Tisch's new plan has better technical language.

Smith said the legislature must head off the tax cutting mood. "Tisch provides pretty much for the destruction of government," he said.

Gov. Milliken agreed. "I hope we would not move in the direction of another Tisch. There is a danger in moving too far down this road," he said.

Milliken pointed to another danger in the anti-tax mood — the chance that too many constitutional amendments will encumber what is supposed to be a basic document with too many details.

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Lifeline stars back at Pontch

The name Lifeline is new but musicians Martha, Dan and Bob Birch, formerly known as Birch & Co., are familiar at Top of the Pontch, where they appear through June 3.

Martha and Dan, a husband and wife team, and his brother Bob, are all grad-

uates of Wayne State University's music school. They played the Pontch just last August.

Now they have added a new vocalist, Rebecca Evans, a new percussionist, Dennis Harrison, and changed the group's name to Lifeline.

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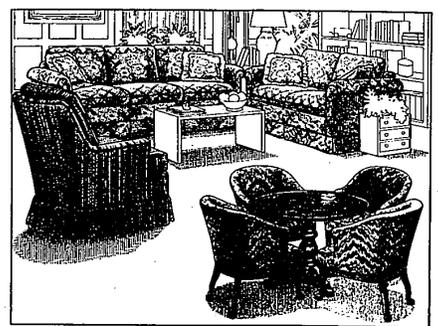
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