

# Which tax plan is best?

Each is thousands of words long. Each would make major changes in the Michigan Constitution. Each requires a lot of study.

So the editors of the 12 Observer & Eccentric Newspapers invited proponents of three tax proposals on the Nov. 4 ballot to the company board room for a full morning of talks, questions and answers.

Most voters will say yes to one proposal, no to the other two — or possibly no to all three. But what will happen if two or more pass? The sections of each plan which aren't in conflict with the others will go into effect. But where two plans change the same section of the constitution, the State Supreme Court will have to make decisions on which will apply.

## Proposal C: Major shift to sales tax

By NICK SHARKEY

The so-called Executive-Legislative Tax Shift Proposal (Proposal C) will give Michigan a more equitable tax system and "not rock the boat too much."

That's the view of Lt. Gov. James Brickley, a spokesman for the bipartisan proposal.

This proposal is being endorsed by a coalition of government, business, agricultural, labor, education and civic leaders, as well as the Republican and Democratic parties, who were concerned about the other tax proposals on the November ballot.

ESSENTIALLY, C will reduce the money collected in local property taxes and increase the sales and use tax rates. Proponents maintain this will result in a reduction in taxes for most Michigan residents.

Brickley argued, "We are not talking about a 'good' tax because there is no such thing. But we are proposing a system that will be more equitable while doing the least amount of damage."

According to Brickley, public opinion surveys indicate the "sales tax is the least objectionable."

"No tax is popular," Brickley told a group of Observer & Eccentric editors. "For years the property tax has been the least favored. But now the income tax is close behind. People see that the income tax is big and the one that brings in the most money to government."

PROPOSAL C would exempt the first \$7,100 on the state equalized valuation of every homestead for operational purposes by local governmental bodies (this exemption would not apply to taxes levied to repay bonds).

This tax loss would be replaced by an increase in the sales and use tax from the current 4 percent to 5.5 percent.

Brickley estimated that Proposal C, if approved by voters, would ease the tax burden of the average homeowner by \$300-\$350.

He also said Proposal C would specifically earmark money from the state lottery for school aid. Brickley said many Michigan residents incorrectly believe that's where lottery revenue is now going. (Lottery money now goes into the general fund).

Brickley said the tax relief offered by Proposal C would be in addition to the current property tax credit for homeowners and renters on the state income tax, known as "circuit breaker." This credit is 60 percent of the amount by which an individual's property tax exceeds 3.5 percent of household income.

Proposal C will require an amendment to the state constitution. While supporting it, Brickley had some unkind words for those wishing to make extensive changes in the constitution.

"There is an over-emphasis on ballot proposals and trying to amend the constitution," he said. "Voters should be concerned with electing good public officials and making sure they are responsive to voters' needs. Let them do



Lt. Gov. James Brickley called the sales tax "least objectionable to voters."

the job they're paid for."

OTHER PROVISIONS of Proposal C are:

- Sales tax on residential consumers of energy products would be phased out by Jan. 1, 1985. This would apply to natural gas, fuel oil and electricity.
- Assessment of agricultural and forestry property on the basis of use value instead of market value would be permitted. The purpose is to keep farm taxes from rising on the basis of developers' speculation.
- Some adjustments to the 1978 tax limitation amendment (Headlee) would be made relating to the computation of state spending requirements and the fixed portion of revenues which are returned to local government.

## Proposal A: Aims to aid K-12 schools

By LEONARD POGER

State Reps. Roy Smith and Perry Bullard have a plan which eliminates "virtually all school property taxes for homeowners, provides for a new state business property tax for education, and maintains local control for schools. The plan is Proposal A on the Nov. 4 ballot — one of three tax issues Michigan voters will decide.

Proposal A is commonly known as the "Smith-Bullard plan" for the legislators who drafted it.

Bullard, D-Ann Arbor, talked to the Observer & Eccentric editorial board last week to explain the proposal and tell of its benefits. (The other half of the team is Rep. Roy Smith, R-Saline.)

Bullard said Proposal A gives more local property tax relief than Proposals C and D, also on the ballot next month.

He said the other proposals promise more than they can deliver — "like the Headlee (tax limitation) amendment" approved by voters two years ago.

BULLARD SAID not only would Proposal A eliminate school operating property taxes on homes and owner-occupied farms, but it would equalize the disparities between school districts with "rich" property tax bases and those with "poor" bases.

He cited the case of Bridgman School District in the southwest corner of Michigan which has nearly \$3,000 of income per student (nearly double the state average) and only a six mill (\$6 per \$1,000 of state equalized valuation) school operating levy. The reason: Bridgman has a nuclear power plant and only 1,000 pupils in school.

Bullard said educational opportunities shouldn't be based on the location

of industries or businesses.

The Smith-Bullard plan would provide for a maximum 30.5 mill levy on commercial, industrial and office businesses. Local voters could still provide "enrichment" funds for schools by approving a maximum seven mill levy or a one percent income tax.

THE ADVANTAGE of Proposal A is that the statewide business property tax would benefit all schools in the state, Bullard said.

The four-term legislator insisted Proposal A "isn't a reaction to the Tisch plan," which would lower property assessments to the 1978 level and then cut them in half.

Bullard said state property tax plans for education have been discussed and voted down during the past 10 years. These plans, however, lacked features of the Smith-Bullard proposal, he said. Bullard said Proposal C (developed by Gov. William Milliken and legislative leaders) is really a "defense plan" against the Tisch plan (Proposal D).

BULLARD SAID Proposal A gives more state funds to school districts with a low spending per pupil because of a "poor" property tax base.

The legislator said Proposal A has been endorsed by the Michigan Education Association, the largest teachers' union in the state; the Michigan League of Women Voters; and the Michigan Township Association.

Under questioning, Bullard and Daniel Sharp, Proposal A campaign manager, defended their plan against opposition from the Michigan Association of School Boards and Michigan Association of School Administrators.

"SUPERINTENDENTS (in high-income school districts) have good sala-



Rep. Perry Bullard argued school revenue shouldn't be based on geography.

ries, free cars and perks. They're doing fine, and they don't want to risk shifting the battleground from local millage campaigns to the legislature," Bullard said.

Although Proposal A would shift financing for schools from the local districts to the state, it would guarantee strong local control. Bullard said it stipulates that local school boards would continue to control programs and personnel.

In answer to the criticism that Proposal A was a windfall for farmers because it would exempt their barns and cropland as well as their houses, Bullard said it would help preserve family farms and cropland. The exemption would not apply to corporate farms, he added.

SHARP CRITICIZED the conclusions made by suburban school administrators who say that the Smith-Bullard plan would result in less funds for their school districts.

## Proposal D: Tisch target is property tax

BY TOM LONERGAN

"A lot of people say I'm overly simplistic, but we're way off the track and we have to get back on the track."

So says Robert E. Tisch, who proposes to cut property taxes statewide by about \$2 billion a year and require any new statewide revenue to be approved by at least 60 percent of the voters.

"We have not gotten anywhere through the legislative process," Tisch told a group of Observer & Eccentric editors and reporters last week.

"No one is asking the people any longer," said the 60-year-old Shiawassee County drain commissioner.

KNOWN AS Proposal D on the Nov. 4 election ballot, the Tisch plan, if approved, would roll back property assessments to 1978 levels, then cut them in half. Property in Michigan is assessed at 50 percent of its true market value. Tisch would reduce that to 25 percent and limit future assessment on property to 2 percent a year.

"In reducing the property tax, we will be benefiting more than two-thirds of the population," Tisch said. More than two-thirds of all property tax money paid is "on the property we live on," he added.

Likened to Proposition 13, the property tax cut approved by California voters in 1978, Proposal D would be "terribly positive" for luring business to Michigan, Tisch said.

His is the "only one of the three (major tax referendums) that reduces the tax on all property — industrial, commercial, utility, timber, mining, agricultural and developmental," said Tisch.

In a recent article for Michigan Township News, Tisch said his proposal is "much more than just a tax cut." Michigan's "competitive edge" will be restored, said Tisch, because the amendment "will spur investment in job-creating businesses through reduction in taxation and controls."

ASKED WHAT job creating businesses he was referring to, Tisch said he couldn't answer the question.

"I think we have to make our climate conducive," Tisch critics, a group which encompasses the state and southeast Michigan political establishment, have called the tax cut a variety of adjectives ranging from "irresponsible" to "devastating."

State officials say the proposal will cause them to cut the state general fund budget as much as 50 percent.

Tisch responded by pointing to the effects of California's Proposition 13 as reported by conservative California economist Arthur B. Laffer and the U.S. Comptroller General.

Tisch said:

- Of 1.4 million state jobs in California, 17,000 were lost due to Proposition 13.
- Some 1.1 million "new private sector jobs" were created. He said two-thirds of the property tax break in California went to business, but that wouldn't happen in Michigan.

California had a \$5 billion to \$6 billion budget surplus when Proposition 13 passed, Tisch conceded, but added, "fewer than half of the local governments even asked for assistance."

Tisch critics, such as Rep. Perry Bullard (see above story), say the California-Michigan compar-



Robert Tisch, Shiawassee County drain commissioner, would cut local property taxes and state services.

son is faulty, citing the western state's graduated income tax and still growing population.

IF MICHIGAN'S economy fails to recover from its current slump by the time the tax cut would take effect in 1982, there are options, Tisch said.

The governor, "can declare an emergency or catastrophe," he said, "and I guess all he has to do is say 'Tisch'."

Other aspects of Proposal D include:

- Required state reimbursement of local governments' lost tax revenue.
- Persons over age 62 would be exempt from local school district operating taxes (but not bond taxes) on their principal homesteads.
- A homeowner earning between \$5,000 and \$10,500 a year would have his assessment lowered 75 percent, rather than 50 percent; homeowners earning less than \$5,000 annually would pay no property taxes.
- Funding for K-12 school districts can't be reduced below the 1980-81 school aid formula unless 80 percent of the members of the legislature vote to do so.

Tisch has said this fall's second tax cut try would be his last. In 1978, state voters rejected the first Tisch plan, 63-37 percent, in favor of a milder tax limitation proposal pushed by Farmington Hills insurance executive Richard Headlee.

But it's unlikely Tisch will stop rallying against state legislators, whom he prefers to call "politicians."

"I think I need a whole new legislature with maybe a handful of exceptions," he said.



Rosenthal Studio-Linie:  
museum quality for your home

Studio-Linie artists are internationally renowned so it's not surprising their works are exhibited in museums all over the world. Fuga mouth-blown stemware, for instance, is a contemporary classic by Elsa Fischer-Treyden. We have it in goblets, wines and parfait/champagnes, \$26 each. 4 1/2" star candleholder by Vicky Lindstrand, \$59. And by Bjorn Winblad, Damask 9 1/2" vase, \$59; and Damask decanter, \$108. All fulfill the Studio-Linie goal, that of reaching the optimal degree of formal and functional quality. Fuga (2-week delivery) in Hudson's Stemware, at Northland, Eastland, Westland, Oakland, Fairlane, Twelve Oaks and Lakeside. Others in Decorative Glassware, at all the above except Westland, Lakeside, Fairlane.

hudson's