



Tom Riordan
Executive Editor

Businessman's response surprises: he's for 'D'

His answer really surprised me. In fact, it started me.

But I should have been prepared. This guy is your bona fide independent thinker.

The question was sort of tongue-in-cheek: "You casually told me a week ago that you were going to vote for the Tisch amendment. I kind of thought you were kidding. Now I'm asking, are you really going to vote for Tisch?"

"Yes," he replied. And he wasn't being flip.

That simple reply brewed a bevy of questions in my mind, and I couldn't wait to get his responses. So the bowl of chili and glass of milk in front of me were quickly forgotten, and I forged ahead.

It had been an offbeat noon — 30 minutes of racquetball, then lunch. Sitting across from me at Here's on Plymouth Road was a successful industrialist, 55, with a firm in Livonia doing nearly \$30 million in annual sales in 48 states.

WE AGREED I would not use his name, which you probably would quickly recognize. He was raised in Detroit. During his first marriage, he lived in Birmingham. He took over the family business shortly after finishing college nearly 30 years ago.

It has flourished under his leadership, just as it did under his dad and his grandfather.

But this isn't a business story. Rather it's what one businessman thinks about the state of financial affairs Michigan and our nation have gotten themselves into.

"Tisch (Proposal D) is extreme," he said, "It would hit (state) services. But things have gone to such an extreme that we must do this to check government spending. It's like the old analogy, 'Hit the donkey with a two-by-four to get his attention.' That's about what is required."

"A political system precludes correcting itself. We have to go to extremes." Voting for Proposal D is the only way, he feels.

THIS FELLOW IS no newcomer to the concept of tax reform. In 1976 and '78, he worked with forces supporting the Headlee tax limitation amendment. That legislation tried hard, but didn't fully do the job, he said.

Then his conversation turned to heavyweight economists: Milton Friedman, Paul McCracken, William E. Simon. "They all feel that the one basic cause of inflation is government spending more than it takes in."

If this cycle isn't stopped, he said, in 12 to 15 years the monetary system of the U.S. will collapse or suffer a painful reorganization.

My friend suggests citizens read "A Time for

Truth" by Simon, who says such things as: "Federal spending had flown out of control. It had increased 232 percent from 1961 to 1975... grown faster by far in the past 20 years than the private economy that supported it, rising nearly 400 percent. State and local spending had mushroomed 520 percent."

SO NOW WE HAVE the opportunity to act, my racquetball and luncheon partner said.

"What about the result of passing Tisch? Won't that eventually mean more taxes on business, on you?" I asked.

"Yes," he said, "but if Tisch doesn't pass, in the long run business would be in a lot worse situation unless steps are taken to change things, to put a curb on state spending. In the short term, business will get it in the neck."

So there you have one businessman's opinion.

Tax reform and better schools in one package

For decades, complaints about property tax have been more common than complaints about Michigan winters.

And lately, complaints about the quality of public school education have been epidemic.

Yet this year, when voters have a chance to dramatically remedy the system of financing public schools, very few want to consider the cure.

Proposal A on the Nov. 4 ballot would cut property taxes on homes and shift much of the burden of school financing to the income tax.

Tagged the Smith-Bullard proposal — for its legislative backers, state Reps. Roy Smith and Perry Bullard — it essentially proposes a minimum financial standard for districts across the state.

In other words, the proposal's backers seek to establish a minimum standard for school expenses. The proposal also provides an option for local taxpayers to vote separate millage for enrichment.

THE PROPOSAL'S goal is one that has been talked about for years — equal funding in education.

School financing under the property tax system penalizes school districts which lack a lucrative industrial and commercial tax base and/or expensive residences. Districts lacking a high tax base per pupil either have poorer school systems or extraordinary taxes for a good system.

The result is a wide discrepancy in school financing, as much as a \$1,500 per-pupil difference between school districts. Granted, districts in outstate areas, particularly in the Upper Peninsula, pay lower salaries in areas where the cost of living is lower.

But for the most part, it's easy to see that wealthy districts, such as Livonia's with a large industrial base, or Bloomfield Hills with high residential property values, have more to offer their students. That "more" translates into special classes, better equipment and often smaller class sizes than poorer districts.

The districts without such amenities must plead



Lynn Orr

for increases in property tax rates with residents who often cannot afford to pay more for their schools.

PROPOSAL A would change that. It would provide a statewide minimum per-pupil expenditure to be distributed through the state. And there's the rub.

School officials who have bemoaned their financial fates for years all of a sudden decided that they prefer "local" funding and "local control" and they "like things the way they are."

Those same officials never have mentioned local control when they went to Lansing for state aid for 40 years.

They didn't scream about local control when they went to Washington, D.C. to ask President Carter to create a new cabinet-level Department of Education.

Their response to Proposal A is a short-sighted vision of losing local control.

Behind the Smith-Bullard critics lurks another motive for opposition — each school district and municipality wants to protect its own. When the bottom line is drawn, each government is in there battling for its own turf. Suddenly no one wants to talk about equal education for children.

When a change is offered, they start talking about how the property tax system is "equitable." By failing to support true tax reform, they're forcing disgruntled taxpayers into the enemy Tisch's camp.

DISGRUNTLED TAXPAYERS are fed up with soaring property taxes on their homes. They're fed up with both state and local officials who have failed to come up with an answer to their problem.

They seem to prefer the answer proposed by Shawasssee County Drain Commissioner Robert Tisch — slash property taxes in half and let the state cut programs to assure local school funding.

Officials worried about local control might consider: The higher education system in Michigan will be gutted if the Tisch proposal is adopted.

Proposal A can solve another problem that the Headlee tax limitation amendment failed to address. Assessments on houses are rising faster than assessments on business property simply because houses change hands oftener and can be reassessed. When a tax rate rollback is calculated under Headlee, it applies to an entire community. In a

community with a mixture of houses and businesses, the homeowner gets no benefit.

Proposal A would equalize property by class homes in one group, businesses in others. When an inflationary housing market kicks up house prices and assessments, the homeowner would get a break on his property tax rate — the kind of break Headlee intended but failed to achieve.

PROPOSAL A has many supporters — the League of Women Voters, the Michigan State Police Troopers Association, the Inter-Faith Information and Action Council, the Public Interest Research Group in Michigan, the Michigan Townships Association (MTA) and the Michigan Education Association (MEA).

MTA is backing the proposal because it has something in it for them — the potential to increase township millage without a vote. School millage competes with township millage, and shifting to income tax is another positive attribute for townships.

If Michigan as a state is to move forward and provide equality for its residents, Proposal A is a step in the right direction.

It's a chance to begin tax reform that will strike for an equal educational opportunity for all children and place a more nearly equal burden on those who must pay the bill.

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