

Sales tax proposed for SEMTA transit plan

By Tim Richard
staff writer

Rapid transit would produce 5,200 more jobs and stimulate \$5.3 billion in new investment and tax revenues, according to a study done for the Greater Detroit Chamber of Commerce.

"The study suggests public transit be funded by asking voters for a 1 percent increase in the state sales tax, preferably at a general election in 1988."

"We have for decades been strongly supportive of public transit," said Dennis Koonof Livonia, vice president for public affairs of the Greater Detroit Chamber. "This report updates the economic development benefits of public transit."

THE REPORT, released Wednesday, summarizes previous reports of the Southeastern Michigan Transportation Authority.

It was written by Public Sector Consultants of Lansing, a research firm which Koonof said has written expertly on state fiscal matters. The firm is headed by Dr. Gerald Faverman and Dr. Roberthannah. Much of the writing was done by John X. Jamrich, a

former president of Northern Michigan University.

Funded by the chamber foundation, the report was written at the request of the chamber, the AFL-CIO and the Detroit chapter of Associated General Contractors. All have a stake in construction jobs in southeastern Michigan.

It is the latest chapter in SEMTA's effort to win approval of a \$2.3 billion 1990 plan for light rail rapid transit lines in the Woodward and Gratiot avenues corridors and expansion of bus service.

No mechanism exists for funding the region's 20 percent share (\$472 million) of the construction cost and operating costs of such a system, and so far the Michigan Legislature has shied away from discussing the issue due to "recall fever."

THE PSC study thus breaks ground by firmly suggesting the sales tax increase — either regionally or applied statewide, and allocated to regions on the basis of population — as the funding mechanism. By the year 2000, PSC said, the 1 percent sales tax hike would yield \$353

million a year in the seven-county SEMTA service area.

PSC said two other tax alternatives are likely to be politically unacceptable. A property tax increase would have to total 5.4 millions to generate the same revenue, an 1 percent income tax increase could be "equally inflammatory to the general public."

The researchers estimated total needs at \$210 to \$314 million a year. These break down to a) \$69 million a year to amortize construction bonds and b) \$141 million to \$245 million for operating subsidies.

PSC criticized SEMTA's projection of raising half its operating revenue at the farebox as low. PSC said only about 25 percent of the \$340 million in operating costs — or \$85 million — could be raised by the farebox.

IN LEGISLATIVE and political circles, the center of controversy is the proposal to build part of the Woodward Avenue light rail line — the so-called "subway" — underground. Critics charge the cost would be too high and that too few people in a "dying city" would be likely to ride it.

The PSC study met the criticism head-on, suggesting public transit is

critical to economic recovery.

"There is one primary element which is central to the success of whatever development option is chosen — a comprehensive, regional public transit system which unites the major activity centers and which facilitates the flow of people from their homes to employment, educational, public service and recreational facilities.

"Although not guaranteeing success in and of itself, no economic revitalization plan can be achieved without an efficient, comprehensive public transit system," PSC said.

AMONG ECONOMIC benefits:

- Creation of 24,735 person-years of construction employment. The current base is 9,763 construction jobs. Rapid transit construction would be spread over 14 years.

- Another 5,200 permanent jobs would be created — 2,000 for drivers, maintenance and other SEMTA personnel, and 3,200 in the private sector because of the economic fallout of public investment.

- With the federal government picking up 80 percent of the construction cost, the regional investment of \$472 million would be "leveraged" to

A sales tax increase — applied either regionally or statewide, and allocated to regions on the basis of population — has been proposed as the funding mechanism for mass transit in southeast Michigan.

provide 11.2 times as much economic development — or \$5.3 billion.

• Property values would rise along the rapid transit corridors. The researchers contended that bus lines would be too impromptu to convey the same image, adding:

"The presence or absence of a mod-

ern light-rail transit component can convey to business interests far more quickly and accurately than other types of information the degree of community involvement, the spirit of cooperation and the quality of community among the region's residential, business and government leaders."

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