

Proposal C: What majority rules on taxes?

By Tim Richard
staff writer

ONE point both sides agree: If Proposal C — "Voter's Choice," as it's called — is adopted Nov. 6, it will result in a massive shift of taxing power away from the Michigan Legislature and local governing boards to the ballot box.

The agreement ends there. Richard Headlee favors C. "If the government must live on less money, or if the taxpayer must live on less money, who should make that decision?" said the 1982 Republican gubernatorial nominee who is president of Alexander Hamilton Life Insurance Co. "In light of current high tax rates, we believe the taxpayer should make that decision. We know what government's decision would be."

Robert Bowman is against it. "Without the tax increase," said the state treasurer of the events of 1983, "in eight weeks we wouldn't have had enough cash to meet a payroll. The last payless payday we had was in 1959, and we still heard about it on Wall Street a generation later."

And John Thodis is against it. The president of the Michigan Manufacturers Association fears business will become "the target of the voting public" if all tax increases must be approved by voters. He foresees voters leading taxes on business rather than individuals.

The three were interviewed by Observer & Eccentric Newspapers editors. Headlee elected not to bring along a second pro-C speaker. Bowman is the Blanchard Administration's official spokesman against C. Thodis is involved in the Promote Michigan campaign opposing C.

TO LOCAL government, the state constitutional amendment would mean that 80 percent "supermajorities" would be required for boards to increase non-tax revenues — college tuitions, registration fees, dog licenses, swimming pool fees, library fines and the like.

On a seven-member council or school board, six affirmative votes would be required; on an eight-member university board, seven votes would be required.

Headlee admitted the 35-group coalition which put Proposal C on the ballot was itself divided on the supermajority question. "There was a great debate on whether it should be two-thirds, three-quarters, or even 100 percent," he said.

"When we're at the levels (of tuition) that we're at now, which are not competitive anywhere in the free world, we feel there should be a preponderance of data which indicated, for example, that the tuition at Oakland University should be raised. On the board, there should be a preponderance of acceptance that raising revenues only comes after we've looked everywhere else."

Headlee, a former OU trustee, considered the question almost academically because most tuition increases are passed unopposed.

BOWMAN REPLIED, "Eighty percent is near-unanimity."

"The beauty of this constitution is that a simple majority carries, and minority opinions are protected."

"On a seven-member board, if one person is absent, you've got to have six votes out of six — unanimity — to raise a dog license from 50 cents to \$1. And 100 percent attendance does not happen all the time in local government."

A former assistant to the U.S. Treasury secretary, Bowman worked on Wall Street in the municipal finance department of the Goldman Sachs & Co. before joining Blanchard last year.

Thodis said MMA considered that "it takes a majority (50 percent plus one) of the people to elect public officials, a majority of the legislature to enact statutes at the state and federal levels."

Thodis worked in the Milliken Administration until joining MMA in 1978.

PROPOSAL C would have the effect of amending city charters in some suburbs where city councils haven't levied all the property tax millage authorized in the charters.

"Things have really changed in 10 years," Headlee replied, referring to his own city which was incorporated in the 1970s. "The people who have a stake today ought to decide, not the people who had a stake 10 years ago."

Proposal C's many effects

The so-called "Voter's Choice" proposal, if approved by voters Nov. 6, would amend the Michigan Constitution and laws in these ways:

1. Require a referendum vote on all future state and local tax increases and all tax increases after Dec. 31, 1981.
2. Repeat the tax increases since the end of 1981 effective 90 days after the election unless approved by voters. Approximately \$447 million reduction. Most noticeable effects:

- A. State income tax: 50 percent of 1983 income tax would be paid by 1985.
- B. State income tax: 50 percent of 1983 income tax would be paid by 1985.
- C. State income tax: 50 percent of 1983 income tax would be paid by 1985.
- D. State income tax: 50 percent of 1983 income tax would be paid by 1985.
- E. State income tax: 50 percent of 1983 income tax would be paid by 1985.
- F. State income tax: 50 percent of 1983 income tax would be paid by 1985.
- G. State income tax: 50 percent of 1983 income tax would be paid by 1985.
- H. State income tax: 50 percent of 1983 income tax would be paid by 1985.
- I. State income tax: 50 percent of 1983 income tax would be paid by 1985.
- J. State income tax: 50 percent of 1983 income tax would be paid by 1985.

"It's a shot at local government," said Bowman, discounting Headlee's appeal for direct democracy on taxes. "Property tax (voter) turnouts are the worst turnouts in the state. . . . The only one worse is a recall."

Bowman said the section rolling back cities' income taxes on commuters would cost them \$40 million annually.

Headlee said the lost revenue could be made up by cost savings: "First, eliminate the Detroit transit system and merge it with SEMTA (Southeastern Michigan Transportation Authority). Second, merge Detroit and Highland Park. It would change the environment for business."

"We've taken the wrong course to help Detroit," said Headlee, advocating low-tax "enterprise zones" in areas of high unemployment. The idea has been advanced by U.S. Rep. Jack Kemp, R-N.Y., and embraced by President Ronald Reagan.

BUT BOWMAN argued that business, commerce and tourism would be adversely affected by C, citing the road rebuilding program that began after gasoline and weight taxes were raised in 1982.

"Roads are arteries of commerce and tourism," the state treasurer said. "From 1970 to 1980, we let our roads and bridges decay faster than we repaired them. That four-cents-a-gallon gasoline tax rollback would cost \$250 million."

"And here's the hooker: We would lose another \$310 million in federal matching money. Altogether we stand to lose a total of nearly \$600 million."

Bowman later produced a statement from state Transportation Director James P. Pitz saying Proposal C would stop "Michigan's transportation revival dead in its tracks. Except for projects already under way, we would simply have no highway improvement program in 1985."

Eliminated from the 1985 schedule if C is passed, Pitz said, are:

- Reconstruction of the Lodge freeway (US-10).
- Upgrading Dixie Highway (US-10) in Oakland County.
- Upgrading a section of Woodward in Oakland County.
- Upgrading Telegraph Road (US-24) south of Plymouth Road in Wayne County.
- Widening Ford Road (M-153) in western

Wayne County, as well as improvements on both Michigan and Grand avenues.

County road commissions would lose \$78 million, municipalities \$44 million and public transit \$30 million in state funds, Pitz said.

Added Thodis: "The infrastructure is vital to a favorable business climate — sewer, water, roads, bridges."

HEADLEE CITED the Zilwaukee Bridge — the new I-75 bridge over the Saginaw River which was stalled after a construction cave-in — as an example of unneeded public works.

And he criticized the "Gary Owens lake cleanup" — a reference to the House speaker's advocacy of cleaning up Belleville Lake, where he lives.

He saw the gasoline and weight tax cuts as having a good effect on the Department of Transportation because "unless there are restrictions on DOT, there will be no good management."

To local government, the state constitutional amendment would mean that 80 percent

"supermajorities" would be required for boards to increase non-tax revenues — college tuitions, registration fees, dog licenses, library fines and the like.



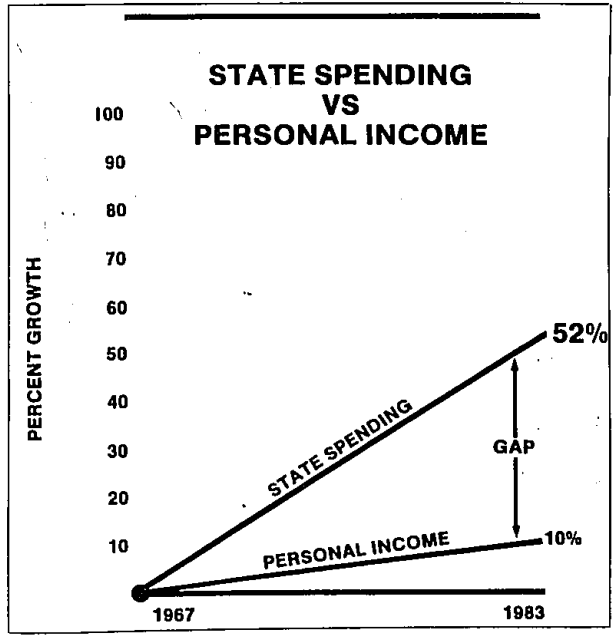
'The infrastructure is vital to a favorable business climate — sewer, water, roads, bridges.'
— John Thodis, Michigan Manufacturers Association



'The temporary income tax increase 'has already been reduced 80 percent. That's going to come down anyway. We don't need Proposal C.'
— State Treasurer Robert Bowman



'There are certain things Voters' Choice doesn't mean. It doesn't mean cutting back vital needs and services. We need good management of our resources . . . Tuition has skyrocketed. Priorities have not favored educational funding during these periods of heavy increases in state spending.'
— Richard Headlee



Spending rose five times faster than the real growth in personal income adjusted for inflation, according to Proposal C backer Richard Headlee.

LILYETTE MINIMIZER® BRA

IF YOU WEAR 34-40 C, D, DD;

WE PROMISE TO HAVE YOUR SIZE.

If we don't, Lilyette will send you one at no cost to you. The Minimizer® is the pretty bra that can reduce your bust silhouette up to 1½" to give a flattering outline. Here we show the seamless underwire bra (style #410), 16.50. Also available is the seamed underwire bra (style #480), \$15. Offer ends October 16. Fantasies. Metro Detroit stores only.

© 1984, HUDSON'S

HUDSON'S OPEN MONDAY THROUGH SATURDAY 10 TILL 9:30.