

House KOs hike in liquor tax

By Tim Richard
staff writer

Suburban state representatives, mostly Republicans, were joined by outstate lawmakers in handing a stinging defeat to a liquor tax hike that would pay for a \$200-million expansion of Detroit's Cobo Hall.

But a determined House Speaker Gary Owen, D-Ypsilanti, immediately asked for reconsideration of the plan, supported by both parties' leaders and sought by Detroit Mayor Coleman Young.

"We're going to end up paying for this in the out-county," said Rep. William Runco, R-Dearborn, summing up the opposition's case.

Replied Rep. James Kosteva, D-Canton: "These taxes are related to the benefit from the expansion of Cobo Hall" as a convention center.

In a LENGTHY session that ran through the lunch hour, the House Tuesday:

- Passed 59-44 a package of taxes on hotels and motels in the tri-county area. They would raise \$6.25 million, about one-quarter of the annual amount needed for the project.

- Rejected 47-58 a companion measure to raise liquor taxes statewide. Annual revenue increase would be \$30

A suburban opponent to the tax hike, Rep. William Runco, R-Dearborn, said: 'We're going to end up paying for this in the out-county.'

million, with \$17 million going to the Cobo project and \$13 million to counties.

Outstate legislators, wary of raising taxes to help county governments, made the difference. Said Rep. Tom Power, R-Traverse City: "If local government wants to raise taxes, let them do it in the normal way. It's not fair that I should raise local taxes for the benefit of local government."

ALL OBSERVER & Eccentric area representatives voted the same way on both bills.

Supporting them were Democrats Justine Barns of Westland, Maxine Berman of Southfield, William Keith of Garden City and Kosteva of Canton; they were joined by Republican Judith Miller of Birmingham.

Opposed were Republicans Lyn Banks of Livonia, W.V. Brotherton of Farmington, Mat Dunaskis of Lake Orion, Gregory Gruse of Troy, David Horgan of West Bloomfield, Gerald

Law of Plymouth Township and Gordon Sparks of Troy; they were joined by Democrat John Bennett of Redford Township.

THE DEFEATED liquor tax got only brief debate. Outstate legislators tinkered with amendments requiring their counties' shares of the revenue to be used for anti-alcoholism efforts.

If approved, the measure, House Bill 4799, would have raised taxes to 15.5 percent. Current rates are 8 percent for liquor-by-the-glass and 9.85 percent by the bottle.

The hotel-motel tax (HB 4800), which sailed through, concerned suburban lawmakers more. If approved by the Senate, it will raise taxes by 5 percent on businesses of 181 units or more, 3 percent on those with 81-180 units and 1 percent for those with 36-80 units.

Testifying in committee, members of the Michigan Lodging Association — which represents 500 hotels — opposed the tax, arguing they catered to transient business and wouldn't benefit from increasing Cobo Hall's capacity.

But Rep. William Bryant, former Republican leader from Grosse Pointe, argued, "The vast majority of hotels are dependent on the auto companies, all of which support this package."

SUBURBAN lawmakers failed in a series of attempts to ease the tax bur-

den on hoteliers in their districts or increase taxes in downtown Detroit. All failed.

In an unrecorded vote, the House shot down an amendment by Rep. Claude Trim, R-Waterford, to limit the hotel-motel tax hike to an area within a five-mile radius of Cobo Hall.

"Please listen," said Trim as the House floor buzzed with conversation and one-on-one persuasion. "We've had repeated testimony from hotel and motel owners with up to 60 rooms — especially along Gratiot and Telegraph — that they get transient types."

"They never receive any of the over-ride from Cobo. This would strike them. They have been called by the convention bureau and asked to hold blocs of 20 rooms, and they would rent two rooms. So it (convention trade) cost them," said Trim, serving his first term as a Republican after five as a Democrat.

THE HOUSE rejected, 24-73, an amendment offered by Runco of Dearborn to limit the tax hike to the area within one mile of Cobo Hall. He was warmly supported in debate by Kosteva of Canton.

In a recorded roll call, all area Democrats except Berman of Southfield joined suburban Republicans in the unsuccessful effort.

Kosteva was successful in winning support for an amendment which sponsors said would more equitably distribute the "excess" revenue from the hotel tax not needed for the Cobo expansion. A first-term lawmaker, Kosteva is a member of the House Taxation Committee, which reported out the bills.

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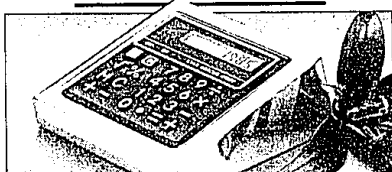
Michigan's labor market remained fairly stable in May as the state's seasonally adjusted jobless rate slipped by a 10th of a percentage point to 10.1 percent, according to Richard Simmons Jr., director of the Michigan Employment Security Commission (MESC).

The number of unemployed workers in Michigan fell by 11,000 to 435,000 during May.

In April, the rate was 10.2 percent. A year ago, in May 1984, Michigan's unemployment rate was 11.6 percent with 506,000 jobless.

Simmons said some adjustments occurred in the labor market as the state's civilian labor force and total employment levels both declined during the month. The labor force dropped by 67,000 to 4,309,000.

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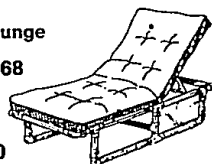
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