

# GOP plan: Cut seniors' school property taxes

By Tim Richard  
staff writer

State Senate Republicans want to cut school property taxes for senior citizens as an alternative to Gov. James J. Blanchard's "tax fairness" program.

Even a couple of Democratic members of the tax-writing Finance Committee confessed last week the GOP plan has merit. The probable outcome is a compromise.

Blanchard is seeking a general \$150 million increase in income-tax rebates for any homeowner with high property taxes. But the Democratic governor would make up part of the revenue loss with higher taxes on banks, insurance

companies, computer software and capital gains — and Republicans are balking at that.

"Those costs would be passed onto consumers. I'm not inclined to support the governor's plan," said state Sen. Doug Cruce, R-Troy, as the GOP-controlled Senate Finance Committee met last week.

THE REPUBLICAN plan's centerpiece is a bill to have the state pay 50 percent of the school operating property taxes of senior citizens — persons age 65 or older, regardless of income — in 1986.

In following years, the state's proportion would rise in 10 percent incre-

ments — 60 percent in '87, then 70 percent in '88, and so on, until 1991 when the state would be reimbursing all seniors' school operating taxes.

Cost to the Treasury would be \$10 million in fiscal 1986, \$40 million in '87 and \$130 million by 1991, according to GOP staff estimates.

Michigan property taxes — all to local governments — total about \$5 billion a year, with roughly two-thirds going to K-12 schools.

"The governor's plan left out senior citizens," said Sen. Richard Posthumus, R-Lowell. "This bill deals with the fact that seniors are on fixed incomes."

SEN. LANA Pollack, D-Ann Arbor, called the GOP plan "very appealing," but said she was concerned that the elderly rich — like Henry Ford II and Max Fisher — would get breaks, too.

"I'm also concerned that the local units have not had any input on this, that this hasn't been thought through," she said. The GOP plan was born Nov. 6 behind the closed doors of the 20-member caucus. But it has not been the subject of hearings and got its first open debate last week.

What bothered the GOP was that Blanchard, in announcing his plan last May, publicly emphasized his proposed suburban property tax rebates, but played down new taxes he would impose on businesses.

"It would be irresponsible for me to vote for any tax increases after the hearings on the business climate we held last week," said Posthumus. "I won't vote for any increases on busi-

ness, low-income and senior citizens."

WHILE THE Democratic-controlled House pushed through much of Blanchard's plan, senators found businesses opposed to certain tax increases. Examples:

• Michigan-based insurance companies, which would be called on to pay \$45 million more through taxes on premiums, are adamantly opposed. Lansing continues to argue whether a U.S. Supreme Court ruling requiring equal treatment of "domestic" and "foreign" insurance companies in an Alabama case actually applies to Michigan, too.

• Banks' taxes would be increased. Republicans argue that taxes on transaction fees would hit lower incomes harder than higher ones. The GOP also contends it would reduce the availability of loans to riskier businesses, women and minorities.

The Republican caucus noted that such banks as Michigan National, Manufacturers, Comerica and NBD have moved part of their operations to Delaware and the Dakotas.

• Income from capital gains would be fully taxable by the state, resulting in an estimated \$85 million more revenue under Blanchard's plan. The GOP opposed this, arguing it would hurt senior citizens and the availability of capital.

DEMOCRAT Pollack asked Republicans to report out one of the House-passed bills so that "senators would have a choice."

Absolutely no, said committee Chairman Norman Shinkle, R-Monroe, noting that Republican-sponsored bills "never saw their way to the House floor."

Under Michigan's current "circuit-breaker" law, income taxpayers get a rebate from the state treasury of 60 percent of the amount of property tax that exceeds 1.5 percent of income. The rebate is paid months after the property taxes are paid, in effect forcing taxpayers to loan money to the state.

Republicans argued — and Democrats agreed — that the GOP plan for

senior citizens is "front loaded" — the state would pay part of senior citizens' property taxes when they're due on Feb. 15, not months afterward. Pollack called it "very appealing compared to the circuit breaker."

Sen. Gary Corbin, D-Cllo, who chaired the Finance Committee until Republicans took control of the Senate in 1983, said both the Blanchard and GOP plans deal with property taxes. "A marriage between the two could be extremely meritorious," he said. Republicans smiled.

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## Thorburn leads judges

Oakland County circuit judge James S. Thorburn has been elected to a one-year term as president of the Michigan Judges Association, the largest judges association in Michigan.

Thorburn has served as the association's vice president, secretary and treasurer and as chairman of MJA's rules committee, which promulgates and reviews court rules on Michigan practice and procedure.

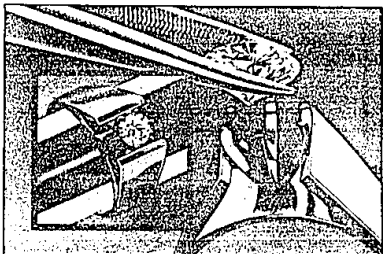
He has been a circuit judge since 1963 and was the first chief judge of the Oakland County Circuit Court when the position was created. Thor-

burn is presently an elected representative of all the circuit judges of Michigan on the Michigan Judicial Tenure Commission.

He was also the first chairman of the Judicial Conference of the State Bar of Michigan, a past president of the Oakland County Bar Association and has served on the William Beaumont Hospital's Royal Oak board of trustees for more than 20 years.

Thorburn, who lives in Birmingham, is married and the father of three. He is a graduate of the University of Michigan Law School and the National Judicial College.

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