2 clouds over March 31 state tax rollback

State representatives returned to Lansing this week unsure whether they really voted to cut the income tax rate last Thursday. They're waiting for an auditor general's opinion on a charge that the State Treasury collected too much in taxes last year.

Last week the House of Representa-

- Voted "yes" to rolling back the personal income tax rate on March 31 to 4.6 percent from the current 5.1 per-
- Voted "no" to a rollback to 4.6 reent as of Jan. 1.
- percent as of Jan. 1.

 Said "no" to exempting senior citizens from homestead property taxes for school operations.

 Shrugged in puzzlement at the outbreak of an argument between the staff of the Republican-dominated Senate Fiscal Agency (SFA) and state Treasurer Robert Bowman on the tax

IN A REPORT late last week, the SFA looked at revenue estimates and concluded: "Therefore, if these estimates hold

"Therefore, If these estimates hold true, the state is obligated to refund \$171.6 million to income and single business tax payers."

Sen. Rudy Nichols, R-Waterford, who obtained a copy of the report, said it referred to a portion of the 1978 Headlee amendment to the Michigan Constitution, which says:

"The revenue limit shall be equal to the product of the ratio of total state revenues in fiscal 1978-9 divided by the personal income of Michigan in calendar year 1977 multiplied by the personal income of Michigan in either the prior calendar year or the average of peror calendar year or the average of per-sonal income of Michigan in the three previous calendar years, whichever le greater . . . (The excess shall be re-funded pro rata . . . "

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'We've already had rollbacks. The difference (now) is insignificant to the guy on the street. Joe Six-Pack hardly noticed it.' — Rep. William Keith

THE HOUSE vote was 80-16. All Observer & Eccentric area representatives supported the Haarch 31 robbies. Opposed to provide the Arch 12 robbies. Opposed a hand(10 of outstate Democratic liberals. They argued there was too little for social programs in the Blanchard budget and nothing to pick up the slack in federal domestic budget cuts being made by the Reagan Administration.

Gov. Blanchard endorsed the House approval. He sald: "This strong bipartisan expression gives great hope that the Senate will agree with the House action this week."



STATE TREASURER Robert Bow-STATE TREASURER Robert Bowman, speaking for Gov James 3,
Blanchard, said the SFA erred by including special funds in the general
The Senate asked the auditor general
to report back this week.
The refund debate threw a second
cloud over the effort to roll back the
personal income tax to the pre-March
1933 level of 4.6 percent.
The first cloud is that the Senate's
bill (SB 77) calls for a rollback to last
Jan. 1, while the House version sets a
March 31 date. If the Issue isn't compromised, there will be no rollback until Oct. 1, 1987.
Senate Republicans hope for a Feb.
14 compromise.

D-Garden City

An amendment to roll the rate back to 4.6 effective Jan. 1 was defeated with 46 yes votes and 57 against. Voting for Jan. 1 were Republicans W.V. Brotherton of Farmington, Mat Dunaskiss of Lake Orion, Gregory Gruce of Madison Heights, Honigman of West Bloomlield and Gordon Sparks of Troy.

Rep. Maxine Berman, D-Southfield, and Judith Miller, R-Birmingham, were opposed.

GRUSE SAID he voted yes — "re-luctantly" — only after it was appar-ent the House wouldn't approve the Jan. I roilback. "There's no real reason we can't roil back carlier," he said. Gruse said the three-months-earlier roilback would cost an estimated \$100 million while the state has a surplus of \$117 million.

Rep. William Keith, D-Garden City, was less excited about the rollback: He said: "It's not the Issue it was a year ago. I was at a wedding Saturday night, and nobody asked me about it.

"We've already had rollbacks," sale Keith, noting the highest rate was 6.35 percent in 1983. "The difference is so

THE RATE could be rolled back even earlier, said Rep. Brotherton "if the revenues are there. The state treas-urer makes that determination."

But a surplus is difficult to calculate, Brotherton said, because the treasurer "can pre-pay bills to reduce the sur-plus. You don't know when they're going to figure out what the surplus is." Some years, he said, it wasn't calculat-ed until three or four months after the books were closed.

"THIS IS ABOUT the 10th time we've voted on it," said a weary-sound-ing Rep. Gerald Law, R-Plymouth.

Insignificant to the guy on the street.

Joe Six-Pack hardly noticed it.

"But it impacts on the budget process that it would hate to see: an bend over back and it would hate to see: an bend over back wards for a three-monits difference."

"In the past I voted for a Jan. I roll-back. The voted to discharge that from committee, and all those things. But would hate to see: an bend over back was been a surplus—that'll always be a battle." Law said.

With no debate, the House rejected, 67-32, an effort to discharge the senior clitzens school property tax exemption from Jondah's committee and bring it to the floor. The bill (SB 571) is a key part of the Senate Republican tax strategy.

Gov. Blanchard, however, favors a general, across-the-board increase in state rebates to homeowners with high property taxes.

Supporting the discharge, and thus favoring the Senate bill, were: Gruse, Honigman and Sparks.

Opposed were Berman, Brotherton and Miller, Dunaskiss was absent.

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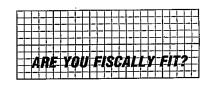
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