

# GOP senators call for property tax shift

By Tim Richard  
staff writer

Scotting at the governor's program as a tax increase, two Republican state senators launched part two of the GOP's drive to reform and cut property taxes.

"Jim Blanchard is taking the wrong track — a very minor stab at property tax relief," said Sen. Rudy Nichols, R-Waterford.

"The governor offers \$75 million in property tax reductions," added Finance Committee Chairman Norman Shinkle, R-Monroe County, "but his increases in other taxes would be three times that amount."

THEY SPOKE at a news conference in Oakland County at which Nichols unveiled 14 names of experts who will serve on a blue-ribbon Citizens Property Tax Commission.

Appointed by Senate Majority Leader John Engler of Mount Pleasant with input from other senators,

the list includes Samuel McKim, a Bloomfield Hills attorney with the firm of Miller, Canfield Paddock and Stone.

"He's one of the top property tax experts in the country and has published on it," said Gary Wolfram, Senate staff economist.

Members include college professors, real estate experts, school officials, a law professor and a dairy farmer. Nichols said the appointments are non-partisan and include no present or former state legislators.

SHINKLE SAID Republicans are supporting \$188 million a year in property tax cuts, which can be paid for from the state's \$200 million surplus. That's phase one of the GOP plan.

Cuts include: \$138 million to exempt senior citizens from school operating property taxes (where the homestead is assessed at \$65,000 or less); a \$40 million rebate for small



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businesses; and \$10 million in increased property tax rebates for low-income households.

The Senate passed the senior citizens exemption in February, Shinkle said, but that bill (SB 471) is languishing in the House Taxation Com-

mittee, which hasn't scheduled hearings.

The small business and low-income rebates are in the drafting stage, he added.

NICHOLS WAS author of the Sen-

ate resolution setting up the advisory group, which is to report back in December.

Nichols, whose district includes the Rochester area, said he hoped the panel would address property assessment problems — possibly calling for countywide assessment. He also hoped it would recommend cutting property taxes by half through a shift to a higher sales tax.

"The voters would have to decide," said Nichols, who won his seat in 1984 after a Democratic senator was recalled for supporting Blanchard's income tax increase.

"The taxpayers will have to be convinced," added Shinkle, pointing out that 10 percent of the sales tax burden is borne by non-resident visitors to Michigan.

But Blanchard's right-hand tax man, State Treasurer Robert Bowman, said the administration op-

poses an increase in Michigan's 4-percent sales tax.

THE REPUBLICANS found Blanchard's program of closing tax "loopholes" unacceptable because of their estimation. It would cost taxpayers \$200 million.

"He can call it closing loopholes," said Nichols, "but to taxpayers it's an increase."

The Democratic governor a year ago proposed general property tax rebates. At present, the state rebates 60 percent of a household's property taxes when they exceed 3.5 percent of income. Blanchard would reduce this threshold to 3 percent.

He would finance these in part by increases in the intangibles tax (bank accounts), insurance premiums, computer software, capital gains, lump sum retirement benefits and telephone bills, among others.

## Ternan is 5th entry in judicial race

Lawrence R. Ternan, 46, of Rochester, this week became the fifth candidate for the Oakland Circuit Court seat being vacated by Judge Frederick C. Zies.

For 14 years, Ternan has been attorney for the city of Rochester Hills and its predecessor, Avon Township. He also has represented Troy, Oxford Township and St. Clair County.

He cites his "broad trial lawyer experience" as his chief asset. He is a member of the Bloomfield Hills firm of Patterson & Patterson, Whitefield, Mankoff, Ternan and White.

A graduate of Wayne State University's law school, Ternan is a member of the state, American, Oakland County and Rochester bar associations. He chaired a bar association committee which studied the scheduling and disposition of circuit court cases.

Ternan has written several articles for professional journals and spoken to professional groups, legal seminars and university audiences.



Lawrence Ternan

## Index shows business off for March

The Detroit Area Business Activity Index suffered its sharpest setback in six years last month — a 15-point decline from February, according to Manufacturers Bank economist David L. Littman.

The index for March stood at 128 compared with 143 in February. Year-to-date through March, however, the business activity index was 4.2 percent ahead of the first quarter of 1985.

The reinstatement of aggressive auto financing programs in April is expected to reverse the slide experienced by the local activity index in February and March.

In March, many car buyers may have been anticipating better deals in the current quarter, Littman said. This March decline primarily reflects the curtailment of auto-financing incentive programs and auto-maker production cutbacks in order to reduce some inventories.

Industrywide dealer new car inventories closed the month at 76 days' supply compared with only 53 days on average in 1985.

Although auto sales locally slipped only very modestly between February and March, this slippage was especially significant considering the fact that March is typically the first month of the year for strong seasonal increases in retail auto sales.

## Michigan tops nation in plant construction

State Commerce Director Doug Ross said that Michigan in 1985, for the second consecutive year, led the nation for both plans and actual bids for new manufacturing plants.

"This is another major proof that Michigan's economy has not only rebounded but is spearheading a national resurgence in manufacturing, a key job-producing aspect of the economy," said Ross, a former state senator from Southfield.

Statistics compiled by the magazine Engineering News Record show that for 1985, Michigan's new plans for manufacturing construction totaled more than \$1.1 billion. That was nearly double the second-place state, Pennsylvania, Ross said. For the past two years, manufacturers have announced plans to invest more than \$2.8 billion in Michigan.

Michigan also was the leader in 1985 for plant construction bidding volume, figures which indicate construction activity.

Michigan totaled more than \$697 million, according to the magazine's statistics, well ahead of Indiana, California, Colorado and New York, who made up the top five.

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