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ems wary of tax plan's impact on budget

By Warren M. Hoyt special writer

Take half of growth in state gener-

al fund revenues. Add about 5.5 percent of state rev-enues from the income tax. Combine with a state-collected 20-

Combine with a state-collected 20-mill property tax under a new plan backed by Senate Republicans. And it would provide near-equity in financing for operation of Michi-gan K-12 school districts. The plan — distributing \$4,9 bil-lot to school districts. The plan — distributing \$4,9 bil-lot to school S — would provide a net property tax cut of \$1.1 billion to the school schoo

homeowners, farmers and business-es. That's out of a tax bill that now approaches \$6 billion. THE PROPOSAL by Sen. Rudy Nichols R-Waterford, adopts the \$3,000 per-pupil school financing premise of a special Senate task

\$3,000-per-pupil school financing premise of a special Senate task force whose report was issued in February. But Nichols' package rejects that group's recommendation for a sales tax hike to 6 percent, from 4 per-cent, to finance it. Nichols' plan would require a con-stitutional amendment to establish the per-pupil grant, set the uniform statewide property tax, and earmark funds for schools.

funds for schools. "Property fances are too high, and now is the time to do something about it. We can reduce the property tax burden by shouldering more of the burden statewide. It means we will have to tighten the belt at the state level," Nichols said.

THE 20-MILL statewide tax com-

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h approved credit

Hutch ...

Student Desk.

Canopy Bed.

Chest

Deek Chair

pares to an average school operating tax rate of 32.12 mills. The plan has the support of Senate majority leader John Engler, R-Mount Pleasant.

Nichols called "a disgrace." The state contributed 36.6 percent of the cost of school operations in 1985-86, compared to the national average of 50.22 percent. Schools would be permitted to continue to spend more than what is currently the state average, with vo-ter approval of up to 4 additional mills or whatever rate is required to maintain current spending levels. Aides said 103 districts now spend majority leader John Engler, R-Mount Pleasant. It is offered as a counterpoint to Gow. Blanchard's \$200-million prop-erty tax relief plan for homeowners, financed in large measure by higher taxes on selected business. Republicans, who blocked a simil-har Blanchard plan last session, com-plained it inadequately addressed the need for property tax relief, un-fairly taxed business and made no attempt to Improve equity in school financing.

more than \$3,000 per pupil. Nichois said he did not adopt, the saiss tax recommendation of the task force because he believes exist-ing resources are adequaid. In the second second of the signifi-cant despite siphoning of income tax and revenue growth funds, aldes said. But they acknowledge signifi-cant cuts could be required in later vears.

the implications for other parts of the budget such as prison operations and higher education. "We will not support a plan that wreaks havoc in the budget," he said.

THE BASIC state grant, assuming 1,639,900 pupils in 1989-90, would cost \$4.9 billion, with the 20-mill state property tax raising \$2.4 bil-lon. Other state revenue sources would include:

• \$1.1 billion from the school ald fund and \$578 million from the gen-

The writer is executive director of the Michigan Press Associa-tion.

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Infancing. TREASURER Robert Rowman said the proposal was a welcome in-dication Senate Republicans want to work on property tax relief. But he but declared the plan "has more holes than Swiss cheese. You can't cut property taxes without real property DEAL -Draperies EVERY STYLE & SIZE ON SALE! can't cit property taxes wnuous rea-money." Still, he said it "gives a good place to start working." Many Democratic legislative lead-ers declined immediate comment until they had reviewed the plan. However, aldes said one primary concern is the proposed earmarking of more money for schools at the ex-pense of the general fund, particu-larly in light of a general expecta-tion fan economic slowdown on the horizon. 1 ليربر tion of an economic slowdown on the horizon. The \$3,000-per-pupil grant — with future increases indexed to inflation — would make the state responsible for virtually the entire cost of basic education. HOUSE OF SOUTHFIELD: 29702 S FARMINETON HELLS: 3 STERLING KGTS.: 423 ST. CLAUR SHORES: C CURRENTLY, per-pupil spending ranges from \$1,800 to \$5,900, a gap Draperies features ...







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