

Blanchard sets up hurdles to tax reform

By Tim Richard
staff writer

Key state lawmakers are uncertain how enthusiastic Gov. James J. Blanchard is about property tax reform after a few encouraging remarks in the State of the State address.

"I'll take the glitter of hope it speaks to," said a mildly optimistic Democrat, James Kosteva of Canton Township. He is author of one plan to cut school property taxes and replace them with an income tax increase.

"He's ducking property tax reform," said a pessimistic Republican, Mat Dunaskiss of Lake Orion. "Polls are showing the Republican plan is well received."

BASIS FOR Republican unhappiness is that Blanchard set up two big hurdles for lawmakers to jump before the chief executive even will discuss a property tax/sales tax shift or any kind of school tax change.

First, he wants an educational quality program — preschool funding, class size reduction, core curricu-

lum and the like — threatening to veto any money bill that fails to contain the preschool program.

Second, he is dusting off his "closing tax loopholes" program of \$276 million for a fourth try. It includes:

- \$45 million of taxes on in-state insurance companies
- \$13 million of taxes on banks and thrifts.
- \$24 million from applying the state income tax to U.S. military personnel.
- \$10 million from big winners in the state lottery.
- \$145 million less in property

tax rebates. The cap for receiving a rebate would be cut from the current level of \$80,000 family income to \$50,000.

Only then will the governor look at property taxes. "Once this Excellence Challenge is adopted, we will work with the Legislature to enact separate plans to bring greater equity to school district funding and to tackle the critical challenge of reducing the property tax burden in Michigan."

"HE'S LINKING them together," Dunaskiss said. "That's what got us

into problems in the last session. We can't get a debate on separate issues."

Republicans dislike the way Democrats tend to tie issues together for bargaining purposes. They point with horror at the "Jamup" of bills that cleared the Legislature in its closing days. Key exhibit: the "kiddie tax" that slipped through in the rush.

But Kosteva sees it far differently. He said that unlike the state-appointed Harden Commission, which wrote a book-length series of recommendations on money and quality, Blanchard is separating them into bite-

sized components.

"I don't believe one component should be dependent on the other," Kosteva said.

SEN. RUDY Nichols, R-Waterford, author of one of the chief Republican entries in the property tax cut sweepstakes, was "pleased to hear he's at least talking about it. Last year there was almost complete silence from the front office."

"Right now I'm trying to forget something where the Quadrant might reach consensus," he said. The Quadrant consists of the two parties' leaders in each of the two chambers.

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