

Many area reps decry school tax reform

By Tim Richard
staff writer

Many suburban lawmakers are unhappy with a state "school finance reform" plan even though it received the needed two-thirds vote last week in the state House of Representatives.

The House substitute, passed by a 4-21 vote late Thursday, differs from a plan that won 26-9 Senate approval earlier Wednesday.

"It's devastating to my school districts — Birmingham, Bloomfield Hills and Avondale," said Rep. Judith Miller, R-Birmingham, who voted no.

"There are questions how it will affect my school districts — Troy, Rochester and Avondale. I haven't heard reactions from my superintendents and school boards," said

Rep. Gordon Sparks, R-Troy, who also voted no.

Sparks echoed a familiar complaint that a major reform plan was rushed through with too little study time.

"I can't believe such a bad bill passed," said Rep. Lyn Banks, R-Livonia, another no vote. "It's no good for Livonia, and it's no good for out-of-formula school districts (those which rely entirely on local property taxes with no state aid)."

The supposedly "revenue-neutral" bill will cost many suburbanites more taxes, Banks said.

"There's no finance reform" in this proposal," said Rep. James Kosteva, D-Canton, author of an earlier school tax reform plan. "At best it's a tax shift."

Kosteva's no vote is significant because he is close to the House Demo-

House tax reform plan

● Sales tax would go up to 5 percent from 4 percent next July 1 if voters amend the constitution on May 2. (Utility bills are covered.) Revenue gain: \$810 million.

● Homestead property tax exemption, or "circuit breaker," is repealed. Revenue gain: \$140 million. ● Residential property tax would be reduced to a "foundation" rate of 28 mills or 75 percent of the current rate, whichever is less. Revenue loss: \$659 million.

● Districts levying less than 28 mills could increase to 28 mills by a vote of the people. In 1991, districts could levy two more mills by a vote of the people.

● Business property tax rate is reduced 10 percent but could be raised by a vote of the people. Revenue loss: \$151 million.

● School districts would be fully reimbursed by the state for lost property tax revenue, at least for the first year. Revenue gain: \$110 million in fiscal '89, \$195 million in fiscal '90, \$203 million in fiscal '91.

(Both houses rejected amendments to raise K-12 funding to 12 percent of the state budget from the current 7.4 percent.

cratic leadership.

THE HOUSE version, if the Senate concurs, would ask voters next May 2 to raise the sales tax a penny, from 4 cents to 5 next July 1, and give some property tax relief — 25

percent to households, 10 percent to businesses.

Both chambers rejected amendments that would raise the proportion of the state budget spent on K-12 education from 7.4 percent to 12 percent.

Key differences in the two plans, Kosteva said, were: "1) The Senate limited the additional property taxation of business — it's perpetually capped. Only residential property taxes could be increased (by a vote of the people). 2) The House allocated \$30 million for senior citizen and low-income renter relief."

For two years, the two parties and two chambers offered rival plans to reduce school property taxes, increase the sales tax and reduce the disparity between rich and poor school districts.

Late in November, Gov. James J. Blanchard sought to break the stalemate with the plan debated last week. The Legislature has only one more week to reach agreement before adjournment. If it fails, the process would have to start all over in 1989.

MOST NERVOUS about the reform plans are suburban districts in the high technology belt from Rochester to Ann Arbor. Many have enough property tax revenue that they get no state appropriations. Their worry: If property taxes are cut, are they guaranteed enough state money in future years to maintain educational quality in districts where high proportions of high

school graduates aspire to college?

Birmingham's Miller put it bluntly: "My school districts don't trust the state government because the state has a history of not reimbursing them. There is no guarantee the property tax relief will stay there."

Some 20 percent of Michigan school districts are "out of formula," according to House Taxation Committee chairman H. Lynn Jondahl, D-East Lansing.

AREA REPRESENTATIVES supporting the measure were Justice Barnes, D-Westland, John Bennett, D-Redford, Maxine Berman, D-Southfield, Mat Dmuskas, R-Lake Orion, David Honigman, R-West Bloomfield, and Gerald Law, R-Plymouth.

Not voting were W.V. Brotherton, R-Farmington, William Keith, D-Garden City, and Wilfred Webb, D-Hazel Park.

The House spent much of Wednesday and Thursday in closed partisan caucuses to discuss the measure. In the two hours of debate Thursday afternoon, representatives spent the entire time discussing and voting on amendments; there was no debate on the merits of the proposal as a whole.

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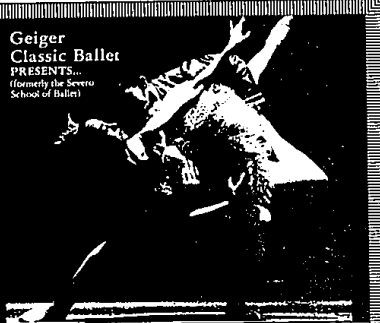
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