Lawmaker sees problems with property tax cap

Neighbors with identical houses may find themselves paying vastly different property tax bills in a few years if voters approve a 1992 ballot proposal to cap assessments. "People will lose the incentive to

trade up," said state Sen. Fred Dill-ingham, R-Fowlerville, one of the handful of legislators to raise a voice against last week's bipartisan com-promise.

"It will have a horrible effect on building. Builders and Realters ought to be going out of sight.

'Freeze' outlined

Here are major terms of the prop-erty tax "freeze" plan as passed April 18 by the Michigan Legisla-ture, based on a Senate Fiscal Agen-

No change during 1991.
1992 real estate assessments would be frozen at '91 levels. (Personal property procedures are unchanged.)

The state would reimburse in-for-mula school districts for lost reve-nues. But cities, villages, townships, counties, out-of-formula school dis-tricts and community colleges would-finot-free reimbursed the \$388 mil-lion in lost revenue. (Senate Bill 19)

In November '92 voters would be asked to approve a constitutional amendment capping assessment in-creases. Homestead increases would

The Headlec rollback amendment already in the constitution would be changed. Instead of rates in a community being rolled back as a whole, the rollback would be by two classes of property: (1) residential-agricultural and (2) everything elso—commercial, industrial, etc. Result: different millage rates within a community, (House Joint Resolution H)

board, said that in addition to their new headquarters, monies raised will help to ensure a firm financial future for the agency.

Common Ground, Oakland County's crisis center, has successfully completed its capital and endow-ment campaign, earning a \$50,000 challenge grant from the Kresge Foundation.

The drive was undertaken to assist in the purchase and renovation of Common Ground's building at 751 Hendrie Boulevard in Royal Oak and to establish an endowment fund.

Shirley K. Schlafer of Bloomfield Hills, honorary chaltwoman of the campaign, said she was very happy and pleased with the support from individuals, foundations and corpo-rations. "Without that wonderful community support, we could not have reached our goal of \$492,000."

Kay White of Birmingham, chair-woman of the Common Ground

Common Ground raises funds

Common Ground is a 24-hour crisis intervention and multi-service agency. The agency offers a crisis counseling program, medical and tegolic control of the control of the country of the c

The Kresge Foundation is an inde-pendent foundation created by the personal gifts of Schastian S. Kresge. It is not affiliated with any corpora-tion or organization.

"It will pit low property tax payers against high property tax payers," Dillingham said. He pre-dicted that longtime residents whose assessments had been capped might not mind voting for new local mil-lage requests, but newcomers paying higher assessments, would realst.

higher assessments would realst.

THE SENATE gave 31 to 3 approval to Senate Bill 19 and 30 to 5 approval to placing House Joint Residution H on the 1992 ballot. (See related story.)

Dillingham was one of the no votes. All other area senators voted yes except William Faust. D-Westland, who was absent.

The House approved the measures by 101 to 4 and 104 to 2 votes respectively. All area members voted yes.

Taxpayers United, the group backing the Headder II proposal to cut all property taxes 20 percent, objected that the plan would freeze assessments at high 1991 levels when, in fact, housing prices are declanded because of the recession. A few members of the recession. A few members of the recession. A few members of the recession.

HERE IS HOW neighbors with identical houses could wind up pay-ing vastly different tax bills under the proposed constitutional amend-

ing vastly different tax bills under the proposed constitutional amendments.

Take two \$200,000 houses assessed this year at \$100,000. Assume their assessments are capped at 5 percent over a 10-year period (the rate of OTE Inflation during much of the control of the second of the s

mai and moving into a one-bedroom-retirement home because there would be little property tax benefit. One result, Dillingham said, might be that families would sign lifetime leases on houses or concect other de-vices to avoid an outright purchase with the resulting leap in assess-ments.

ments.

THE COMPROMISE was negotiated by House and Senate leaders of both parties and Gov. John Engler after weeks of fruitless battling over rival plans for a property tax cut.

A week caller, the Senate passed a bill to freeze property taxes for two years, beginning in 1991.

But cities and school districts raised a litestorm of protests because they could have lost \$233 miles for the property tax revenue, with no state relimbursement and no way to cut their budgest this late in the planning process.

The new plan emerged in two days of closed door negotiations as representatives milled around or passed routine resolutions of tribute.

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AS PASSED, Senate Bill 19 may cost local units some revenue next year, said Rep. Lyn Bankes, R-Livo-nia.

John New York of the State of t

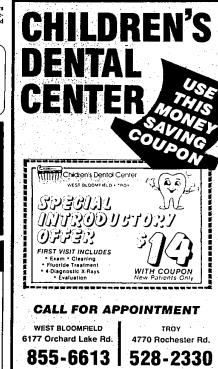
plus.

Bankes said there still is a chance in-formula schools might be reimbursed. Engler's budget has money for his proposed property tax cut, which has no chance of passage in the Democratic-controlled House.

"Engler got two-thirds of what he sought — a freeze and a limit on future growth." Bankes said. "The provisions are somewhat altered from Englers. He had proposed a freeze every othy reer in assessments until a limitation was adopted."

Local units still could see new revenue in 1992 from new construction, estimated at 2435 million, according to the Senat Fiscal Agency.

THERE STILL is no legislative agreement on a property tax cut. Engler and Republicans want a 20 percent cut in school operating taxes for everyone and would pay for it by reducing state spending. Democrats want to exempt property taxes on the first \$15,000 of home assessments to benefit low-income families and pay for it by raising business taxes.



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