

POINTS OF VIEW

Oppose any hike in real estate transfer tax

Editor's note: The House Taxation Committee in Lansing is considering a bill to raise the real-estate transfer tax to \$11.10 per \$1,000 of price from the current \$1.10. Gov. John Engler has proposed an even steeper increase: to \$40 per \$1,000. Refer to Senate Bill 888 and House Bill 5110 when writing to your legislator, State Capitol, Lansing 48913.

In partial response to the call for school financing reform in Michigan, House Bill 5110 has been introduced, which, if adopted, would impose a 4-percent real estate property tax on the transfer of title to real estate in the state.

The proposed 4-percent transfer tax covers both new and used homes. It would be imposed on the seller of real estate when the title is transferred to the buyer or, in the case of land contracts, when the land contract is executed.

For example, if a used home is sold for \$100,000, the seller will be required to pay 4 percent, or \$4,000 as a Michigan transfer tax when the deed from the seller to the purchaser is recorded. New home sales are also covered so that if, for example, a builder sells a new home for \$200,000, the builder will be required to pay a Michigan transfer tax of \$8,000 when the deed from the

builder to the home buyer is recorded.

Even a person who builds a home on a lot they own must pay this new tax. Mortgage bankers, along with real estate sales people and professional home builders, oppose the new transfer tax as proposed as well as any increase in the Michigan transfer tax on real estate. Every resident of the state should also oppose this tax for a variety of reasons.

First, new and used home sales in our state will certainly be reduced as a result of the imposition of this large new tax. Second, it is likely that sellers of used homes and builders will try to pass this new tax cost on to home buyers in the form of higher prices, which will create unnecessary inflation for housing prices in Michigan.

Additionally, the new 4-percent transfer tax proposal is unfair. It is a regressive tax because it disproportionately affects low- and moderate-income home buyers who will be required to pay a larger portion of their income in order to buy a home. Also, senior citizens and other sellers may see the proceeds they receive from the sale of their homes reduced due to this new tax.

In addition, the tax would place a heavy burden on people who, for one reason or another, move frequently while imposing no burden at all on those who remain in their homes year

GUEST COLUMNIST



THOMAS R. RICKETTS

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after year. No other state has a real estate transfer tax anywhere near as large

as the one being proposed for Michigan.

According to the most recent data available, the proposed Michigan tax of 4 percent, or \$40 per \$1,000, is more than 10 times larger than the national average of .38 percent, or \$3.80 per \$1,000, for the 40 states that had a real estate transfer tax. It is also 36 times larger than the existing Michigan transfer tax of .11 percent, or \$1.10 per \$1,000.

The inequity of the transfer tax relative to other states could have far-reaching consequences for Michigan. Consider this example:

A young couple buys a home in Michigan in December 1993. The couple pays \$100,000 for the new home with a \$5,000 (5 percent) down payment. It has taken this couple five years to accumulate this down payment, not an uncommon period of time to save this much money.

In 1994, the young couple is transferred by their company and must sell their home. The home sells for \$100,000, the amount paid for it a year earlier. During the year, the couple made payments on their mortgage and reduced the mortgage amount by, say, \$1,000.

After paying off the balance of the loan, \$94,000, and then the 4 percent tax of \$4,000, they only have \$2,000 left

for a down payment on a new house \$3,000 less than they started with. If the couple is moving out of state, the transfer tax offers them no incentive to ever move back. If they are moving elsewhere in Michigan, they would still be penalized for circumstances beyond their control.

Certainly, it is necessary to find new approaches to funding Michigan's school system. A reasonable increase in the so-called "sin" taxes, the Michigan income tax or the Michigan sales tax, which will place part of the tax burden on nonresident visitors to our state, are examples of alternatives to the onerous transfer tax being proposed. All of these avenues should be explored before we allow a new tax burden to be placed on Michigan's homes.

Thomas R. Ricketts is chairman of the board, president and chief executive officer of Standard Federal Bank, a \$9.8-billion savings institution headquartered in Troy and which operates offices in Michigan, northern Indiana and northern Ohio. The Bloomfield Hills resident has been with Standard Federal for more than 33 years. He serves on the Michigan League of Savings Institutions legislative and policy committees and is a member of Federal Reserve Thrift Institution Advisory Council.

Speed trackers can become SMART move for drivers

The cop car's lights were flashing. I saw them down the street at the entrance to my subdivision as I walked my dog one evening last week.

Of an inquiring (you might say nosy) nature, I included that leg of the subdivision in my walk, although I usually bypass it for a shorter route.

As I approached, in my guise of dog-walking, I saw that one of West Bloomfield's finest had pulled over the driver of a white Mercury of some denomination. The unhappy silhouette of a young woman could be seen through the driver's side window.

He was making the usual cop noises of asking for a driver's license and registration. But then, as I walked close by, headed for home, I heard in a more soothing tone: "Take it easy, it's okay."

I don't know what finally transpired, whether or not she was ticketed for whatever he pulled her off Walnut Lake Road for doing. But, it made me feel that at least he understood her anxiety and was doing what he could to ease it.

Like you, I distinctly remember every time I've been stopped for a moving violation. Once was for driving through a yellow light on Farmington Road. The second was for driving too fast on Lone Pine Road near Cranbrook School (you practically have to keep your foot on the brake to adhere to the speed limit there). And another on Lincoln near Seaholm High School in Birmingham — again for going over so slightly (in my estimation) over the speed limit.

In each case, the sudden appearance of the police car, the flashing lights, the motion to pull over created a knot in my stomach. In each case, I was upset for the rest of the day. And in each case, I thought to myself that a warning from the policeman would have had the same impact on me as the ticket.

So that's why I got so excited when I read about the portable speed tracker recently purchased by police departments in Birmingham and Bloomfield Township, operative in Farm-



JUDITH DANER BERNE

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ington, Farmington Hills, West Bloomfield, Auburn Hills, Livonia and Westland and under consideration by Beverly Hills.

Called SMART, short for Speed Monitoring Awareness Radar Trailer and not to be confused with the bus system, it gives the posted speed, then the speed of the nearest oncoming car.

It's designed to be placed in residential areas and near schools to let drivers know how fast they are going.

It can be used by itself, near an unstaffed cop decoy car or a police officer can run its radar and issue tickets.

"If we can go without issuing tickets, that's fine," said Birmingham police Comm. Richard Dimock.

"I don't think most drivers mean to speed," said Hugh Cox, public safety director in Beverly Hills.

They understand that in a residential setting drivers can't compare their speed to other drivers and may not realize how fast they're going. And they believe once most drivers see they're going too fast, they'll voluntarily slow down.

Cost of each unit is \$8,000, thanks to the Oakland County Traffic Improvement Association, which had the foresight to buy them in bulk for resale to our communities.

So a unit essentially gives a community an extra traffic cop for a location each day — at much less cost.

And it gives me, you and our upset young lady the chance to realize just how that speedometer has crept up and to slow down on our own. We'd take that option in a heartbeat — no matter how nice the cop.

Judith Daner Berne is managing editor for The Eccentric Newspapers. You can reach her at 901-2563.

Keep court settlements open to public's view

If you mess up, hide the evidence. Then get a court order to seal it. That's what they do in both government and business. There ought to be a law against it.

Consider James Harkrader, who in 1989 sued two Livonia school administrators when he was denied tenure as a coach and teacher. He said one principal pressured him to use the principal's son more often on the junior varsity basketball team.

The case apparently was settled out of court. A reporter called Harkrader's home to find out what happened. No comment. Can't talk.

Typically, when a governmental or big business defendant pays off, it requires that the plaintiff, as a condition of payment, agree to keep the terms a secret and seeks a court order to seal the casefile.

That hurts the public. We as voters and taxpayers can't learn how badly our public officials are screwing up and misusing our tax money.

In 1989 John Briggs III sued Upjohn Co., maker of Halcion, in Muskegon, because the drug's side effects were a factor in his attempted suicide and resulting maiming. Briggs' attorney, Richard Toth of Southfield, engaged in a process called "discovery" to probe Upjohn's records. The parties agreed Briggs' side would return the 2,600 pages of documents. Upjohn contended the documents contained trade secrets.

Toth later asked the court to set aside the deal because the documents pertained to "the means and methods employed by (Upjohn) to obtain (Food and Drug Administration) approval for the marketing of Halcion in the United States, defendant's knowledge of the health risks associated with Halcion, and defendant's strategies for marketing Halcion in such ways as to minimize publication of these risks."

I hear the Upjohn line a lot. I strongly suspect the companies are lying.

Well, Upjohn won 2 to 1 in the state Court of Appeals last June. Judge Clifford Taylor took the



TIM RICHARD

narrow view that a deal is a deal, and that the trial judge failed to review the documents before lifting the gag order. Taylor and E. Thomas Fitzgerald said nary a word about health risks.

As I said, there ought to be a law. In Lansing, Rep. Michael Griffin, D-Jackson, addressed half the problem with House Bill 4577. Applied to governmental units, it says any deal to settle a claim or suit "that prohibits disclosure of the agreement or any terms of the agreement is against public policy and void."

Rep. David Gubow, D-Huntington Woods, sought to amend the law by making the bill apply to all suits, not just those against governments. Five Republicans and one Democrat shot down Gubow's amendment in the House Judiciary Committee.

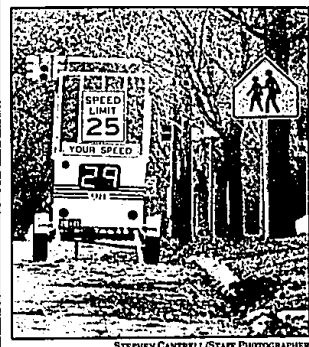
Gubow was right because:

■ Upjohn is a publicly traded stock. This writer owns shares and would appreciate knowing how management erred.

■ Others who believe they were harmed by Halcion shouldn't have to repeat the expensive "discovery" process that Briggs went through.

We need a law to prevent court ordered coverups.

Tim Richard reports regularly on the local implications of state and regional events. His office number is (313) 349-1700.



Sign of the times: Speed trackers are becoming a more common — and more efficient — way of policing traffic in our suburbs.



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