

POINTS OF VIEW

Income taxes out

Governor makes right move with sales tax plan

On an out-of-town trip, I had a car windshield repaired. As the garage owner worked, I made out a check with the garage's name.

"Say, could you make that out to me personally?" he asked. "I'm going through a divorce, and my wife has all my stuff tied up."

I wrote out a new check with the sneaking suspicion that he would just cash it without logging it into the "revenue" account of the garage's books.

No income tax to pay that way. You see that a lot. A carrier of a daily newspaper asked that any checks be made out to "cash." People say domestic workers ask to be paid in cash. A retiree doing consulting work for a corporation asks to be paid in cash. Ditto with the guy who pulls out a stump or does some carpentry work.

That's the revenue side. Consider the cost side.

An artist of my acquaintance had a free-spending spouse whose hobby was raising and showing dogs. Now, raising

purebred dogs is not a money-maker. So a professional friend advised the artist to have his spouse start a pie-baking business — just sell a half-dozen pies a day and charge the depreciation and some cash expenses on the van to the business. The pie business runs at a paper loss. The artist has more revenue yet reduces his tax obligation.

Many business people — including those in agriculture — charge off household expenses to the business. They have a real advantage over those who work for a company whose business office peruses expense accounts very carefully.

Income taxes have been stretched to the breaking point. Rates are so high that it becomes worthwhile to hide income and pad expenses. Your chances of getting caught are about the same as the proportion of drivers who are pulled over by state police for going 73 in a 65 mph zone — next to zero.

During President Ronald Reagan's



TIM RICHARD

■ European nations have eased off on the income tax and shifted to value-added taxes (VAT), which is a glorified sales tax. Gov. John Engler was quite correct in opting for Proposal A with a 2-cents sales tax increase.

budget wars, Time magazine published an estimate that uncollected income taxes amounted to as much as \$220 billion, as I recall. At that point, the federal deficit was \$220 billion. In other words, if Uncle Sam could have collected all the income tax he was due, we would have had a balanced budget.

European nations have eased off on the income tax and shifted to value-added taxes (VAT), which is a glorified sales tax. Gov. John Engler was quite correct in opting for Proposal A with a 2-cents sales tax increase over plan B, the statutory plan, with its income tax increase. Income taxes just don't work anymore.

Organized labor, still living in the '30s, hasn't got the message. The anti-A argument is that the income tax is "fairer" in its impact because you tax all income — savings and consumption — whereas the sales tax falls only on consumption.

The New Deal economists had another reason for preferring to tax in-

comes and savings. They thought there was too much saving and that it was draining money from the economy. The New Deal consciously sought to increase consumption spending. Today the U.S. has the lowest rate of personal saving of any industrial country.

Garage mechanics, domestics, tradesmen, retirees doing consulting, dog breeders and a zillion small business owners are light years ahead of organized labor, the League of Women Voters, liberals still fighting the class warfare of a bygone era and other income tax proponents.

Proposal A's sales tax is far preferable to plan B and a vast improvement over the current property tax gorilla. Here's one worker who's voting yes March 15.

Tim Richard reports regularly on the local implications of state and regional events. You can reach him by Touch-tone phone at (313) 953-2047, mailbox 1881.

LETTERS

Raps coverage

Once again I find myself unhappy with media distortion and in-bred sensationalism in the Sports section of the Feb. 28 Observer. This only and always shows that misinformation spreads faster than truth and facts.

Walled Lake Central cheerleaders yelling foul language from their school bus brought no return phone call in the past. Last year's game was stopped by our administration at Farmington High School because of rowdy and unsportsmanlike behavior from Central fans.

Even last Saturday, an adult fan kept at one of our assistant coaches, when the crowd had dispersed after a minor, but unnecessary, shake-up.

This minor incident happened when hands were to be shaken at the end of a good contest, instead a Central player

threw a punch.

The Western Lakes Activities Association tries hard to have good sports and fans campaigns. All members need to take part.

Anytime, on or off the court, our players go over the line they are suspended from games and/or school. This year that happened at a cost of the city championship, I might add.

When you have a coach that exhibits such poor, out-of-control behavior, and sportsmanship in front of players, what can you expect at Central?

What we got was him yelling at the crowd, "They can throw him out, but I'll never take him out of the game!"

Players slugging a player on an in-bounds pass the minute the refs are on the floor... elbow to the face... cheap push and shove. Is that a program to build character and leadership for tomorrow? Their fans cheered approval.

Five brawls? From their gym maybe, certainly not at Farmington High School.

Ten years of missing hardly a game and seeing a kid get program become better because of slaps that play hard and love the game are what my observation is based on.

I've never seen a brawl on the basketball court at Farmington High School. Game suspensions? I wonder if that happens at Walled Lake Central like it does at Farmington High School?

Tina Jensen, Farmington Hills

About MEAP tests

Let's see... Farmington ranked 10th out of 522 districts in the state for per-pupil spending, according to 1991-92 data. Our MEAP scores ranked 44 out of those same 522

districts.

Are we getting our money's worth? The district with the highest MEAP scores, Okemos, spent \$5,820 per pupil (56th). The district ranked 43rd highest in MEAP scores spent \$4,560.

What are they doing right? Our district elementary math and science scores aren't too bad. Only 28.8 percent didn't get satisfactory in math, and only 12.1 percent didn't get a satisfactory in science.

However, in reading, 39 percent didn't get a satisfactory mark. That's nearly two out of every five students not meeting 75 percent of the reading objectives.

If the problem is with the test, throw it out. But how can it be the test when math and science rates are OK?

This untimed test is not that difficult. Get a copy of the test and see for yourself.

Of the 39 percent who didn't get a

satisfactory mark, we can excuse 10 percent as possibly learning disabled. Four percent might have been ill. Perhaps 5 percent were not motivated.

Allowing for the above conditions, the curriculum didn't work for only 20 percent of our students. That's one out of five students.

Why are there no remedial reading programs in Germany, Italy, Spain, etc.? They use phonics and don't believe (as this district does) that reading is "developmental." Almost everyone learns to speak, but only 50 percent of the world's population can read.

If your child did not pass the MEAP, it wasn't because more money is needed. The reading curriculum failed him. Go to the library and read about what works. Then insist that your child be retaught to read.

Don't blame the teacher. It's not her curriculum — it's our district's Patricia A. Alsapach, Farmington Hills

Proposal A falling victim to political maneuvering

In this age of special interest politics, an occupational hazard for politicians is to confuse support from leaders of vocal interest groups with approval of ordinary folks who actually vote.

Gov. John Engler now is in the process of falling prey to that ailment as he continues to tinker with Proposal A, trying to tack on support from various lobbies by ceaselessly fiddling with the content less than a week before next Tuesday's vote. Here's a short list of examples:

■ The original ballot plan called for taxing rented farmland at the business rate of 24 mills. The Michigan Farm Bureau threatened opposition. Engler immediately promised to push legislation to allow all farm property to qualify for the lower rate of six or 12 mills.

■ Engler originally recommended a 4 percent real estate transfer tax. In order to pass the legislation, the tax was negotiated down to 2 percent in the ballot plan and 1 percent in the backup statutory plan. Still nervous about support from the real estate industry and citing "increased state revenue expectations," the governor then pushed through a bill to reduce the tax to 0.75 percent.

■ A video lottery game, Keno, was originally supposed to raise \$100 million a year. But Engler now says it won't. He wants a different game in the mix, something called Powerball, a multi-state lottery.

■ State elections director Chris Thomas said over the weekend he has "never seen" so many last-minute changes in a state ballot plan so close to the vote.

Partly in response to this pattern, the political rumor mills are speculating about two other major changes in Proposal A, both designed to buy special interest support:

One story is that if Proposal A passes, Engler will push legislation cutting the sales tax on new and used cars, costing something like \$250 million in annual revenue and locking in support from the Michigan Automobile Dealers Association.

The other deal supposedly in the works was to get Detroit Mayor Dennis Archer's support by changing the way the ballot plan treats tax increment financing authorities (TIFAs), right now the preferred method of fixing Detroit's budgetary ills.

Taken together with what is certain to be a confusing and manipulative ad campaign



PHILIP POWER

■ Gov. John Engler now is in the process of falling prey to that ailment as he continues to tinker with Proposal A, trying to tack on support from various lobbies by ceaselessly fiddling with the content of Proposal A less than a week before next Tuesday's vote.

against Proposal A put on by the strange alliance between the tobacco industry and the teachers unions, all this last-minute insider finagling is likely to confuse voters already confused enough.

Worse, it illegitimately penalizes those responsible folks who have already voted by absentee ballot. Elections director Thomas estimates that at least one-third of absentee voters already have mailed in their ballots. Most observers figure there will be around 300,000 absentee votes, so as many as 100,000 voters could have made up their minds on proposals whose terms have been changed after they cast their ballots.

That's dirty pool and bad politics combined — the worst of all possible worlds.

This newspaper in the past has supported Proposal A, largely on the grounds that it locks in support for schools in a way that can't be tampered with by future Legislatures and because, all things considered, increasing the sales tax is less damaging to economic growth than hiking the personal income tax.

But we are very concerned with the way the governor is going about selling it.

Phil Power is chairman of the company that owns this newspaper. His Touch-Tone voice mail number is (313) 953-2047, Ext. 1880.

MCQUEEN'S

CARPETS ~ RUGS

30th Anniversary

SALE

Maple Road (15 Mile) Just E. of Telegraph 647-8250