

Coalition tax increase idea is wrongheaded

The sum total of all human knowledge about the politics of tax policy can readily be discerned in the ditty below:

Don't tax him; don't tax me.

Tax that fellow behind the tree.

As most folks know by now, Michigan has an enormous budget problem. Because of the continuing recession, state tax revenues are way down. But the state Constitution forbids deficits, so Gov. Jennifer Granholm last week cut \$160 million in state spending to get just this year's budget back into balance. The problem for the next fiscal year, which begins Oct. 1, is even worse: experts are talking about a shortfall of as much as \$2 billion out of a General Fund budget of around \$9 billion.

It should come, therefore, as no surprise that an outfit calling itself the Red Cedar Coalition (for the river running through the Michigan State University campus) is beginning to beat the drums for a tax increase. The group includes organizations that feel threatened by the impending spending cuts, such as teachers unions and other school folks, municipal government people and various advocates for social services, colleges and universities.

The coalition wants to extend the state sales tax to apply to all manner of things not currently taxed: advertising, personal services like haircuts and manicures, professional services like law and accounting, car repairs and the like. So the proposal can be marketed to the gullible public as a "tax cut," the idea is to drop the current sales tax rate of 6 percent to 5 percent, but impose the tax on lots of new transactions. It's tough to estimate the increased tax revenue to the state, but most experts think it's substantially more than \$100 million.

Initial reaction to the coalition's tax proposals was decidedly negative. Granholm led the charge by saying last week that "Anyone who is proposing a tax increase has to realize that they would be going before a Legislature that's not predisposed to do it and a governor who is not predisposed to do it." With both houses of the Legislature controlled by Republicans, whose public policy signature issue is to be opposed to tax increases, Granholm may have been admirably understated in her analysis of the idea.

In my view, the Red Cedar folks are both premature and wrongheaded.

Premature because Granholm and the Legislature need some time to develop their own plans. Granholm will deliver her State of the State

One of the interesting things about Granholm, a Democrat, is her stated interest in using the budget problem as a spur for far-reaching rethinking about how state government should work and what services should be delivered and how they are paid for.

speech Feb. 5, during which she intends to lay out her overall strategy for dealing with the state's budget crisis. Moreover, she is facing a March 1 deadline to submit her own detailed budget for legislative consideration.

One of the interesting things about Granholm, a Democrat, is her stated interest in using the budget problem as a spur for far-reaching rethinking about how state government should work and what services should be delivered and how they are paid for. She deserves a decent space to develop her taxing and spending plans before people who have a self-interest in hiking tax revenues start piling on.

The Red Cedar proposal is wrongheaded because in taking the easy way out — just increasing taxes — it puts at risk three better ideas on how to balance the budget.

One is simply to cut spending. Frankly, I doubt there is enough fat in a \$9 billion General Fund budget to fund a cut of more than 20 percent, but it's axiomatic that state spending patterns that were set when times were flush will contain a fair amount of stuff that needs cutting.

A second idea, much debated last year and ducked by outgoing Gov. John Engler and the Legislature, would be to postpone the scheduled reduction in the state income tax rate. That might be worth up to \$200 million next fiscal year.

A third idea is to explore the various tax loopholes enacted during the Engler administration. No one knows exactly how much potential tax revenue is flowing through these loopholes, but I'll bet the newspaper you're reading right now that it's substantial.

Maybe the Red Cedar proposal will turn out to get some traction in Lansing. But let's not start messing with it until all the alternatives have been given a fair hearing.

Phil Power is the chairman of the board of the company that owns this newspaper. He would be pleased to get your reactions to this column either at (734) 953-2047 or at ppower@homecomm.net



Phil Power

A dirty pickup truck is the only 'real' SUV

How to see things often depends on where you're sitting. The anti-SUV campaign started unfolding this past summer and I only heard snippets about it because I was living in a remote cabin in the eastern Upper Peninsula where it was difficult to find a daily newspaper.

But I did hear whispers and occasionally a piece on TV. Amazingly it wasn't a huge topic among locals, although you'd think it would be. These are folks who spend their time in the woods working or for recreational purposes. They're construction workers, loggers and even a few commercial fishermen.

You'd expect these are the people who would be gobbling up SUVs. Wrong. The vehicle of choice is a rusted pickup truck or a four-wheel drive Subaru. Up there choice is determined by finances.

Those folks just can't come up with \$40,000 or \$50,000 for what they call "a truck."

For about five months, I spent most my days on the back roads fishing, hunting or canoeing. In all that time, I rarely saw a big, expensive SUV. In fact, I rarely saw anyone at all, which made me start to wonder how all these fancy SUVs are being used.

Don't get me wrong. I'm not an anti-SUV person. Being an 11th generation American redneck, I grew up in the back of pickup trucks, and have owned a long line of Jeep Cherokees, most of which I've driven until the wheels nearly fall off. None have ever been waxed. I value that layer of dust and mud that accumulates after a summer of chasing fish and a fall of upland bird hunting, and tears come to my eyes when that first layer of salt gets on the Jeep and I have to take it in for that obligatory car wash.

It's just that I wonder exactly how big an SUV people need, and what nameplate they need on them. A Cadillac name on a truck is a bit over the top.

But back to the UP. Although I know the people in the town I was staying in fairly well, I was still marked as being a Yuppie trout by my Jeep.

"You don't want to take that thing back into the woods," a friend of mine said as we were heading out for a night of brook trout fishing on Beaver ponds. "You'll scratch it up. We'll take my truck."

I value that layer of dust and mud that accumulates after a summer of chasing fish and a fall of upland bird hunting, and tears come to my eyes when that first layer of salt gets on the Jeep and I have to take it in for that obligatory car wash.

Ten minutes later I knew he was right. We were driving on a two-track through waist-deep mud, over stumps and logs and had to pull the side mirrors in to keep them from getting ripped off by branches. My friend calls it his woods beater truck, an old Chevy pickup he uses for work and in the woods. Rain storms are the only car wash it has ever seen, and there's often a clump of grass and dirt hanging from the front bumper, a testimony to its use in the back woods.

In the fall it easily held three guys, three wet dogs, shotguns and other hunting equipment. The back bed of the truck also held a variety of dead upland and game birds.

The image of that truck pops up in my head while driving on suburban Detroit freeways, when I see all those clean, shiny, expensive, large SUVs. I wonder when the last time they were driven off the pavement.

The newest anti-SUV campaign tries to paint people who drive them as being the moral equivalent of a terrorist. It's time, some, and reminds me of the anti-smoking campaigns of the '60s and '90s which tried to paint smokers as some sort of moral deviants.

There are good questions about SUV use. Do people really need them? Many times they don't. There are also smaller SUVs that do the job. Last spring I used a Ford Escape to pick up a couple of canoeists. The 18-foot canoe easily sat on the roof and it held four 200 pound guys and gear.

In a bizarre way, I'm hoping that the anti-SUV campaign is successful.

Then us rednecks can have our trucks back and we can drive them through the woods in peace and quite — which is why we went there in the first place.

Jeff Counts is a semiretired newspaperman who spends as much time as he can in a muddy truck in the woods.



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