

Mixed reviews greet SBT plans

By TIM RICHARD

Two suburban critics of the state's single business tax are giving Gov. William G. Milliken mixed grades for his new plan to ease SBT's burden on low-profit businesses and professional persons.

State Rep. John Bennett (D-Redford) is so enthusiastic that "I even offered to sponsor the bill" for the Milliken Administration.

State Rep. W.V. (Sandy) Brotherton (R-Farmington) thinks the governor's proposed changes are aimed properly, but Brotherton is still worried about the effect on small manufacturers.

Both promised to go over the governor's package in detail. SBT, which went into effect at the beginning of 1976, was aimed at replacing eight

other taxes with a single tax on value added. SBT has stirred up a storm of anger among small businesses and construction firms.

MILLIKEN PROPOSED these three changes:

• "An alternative method to calculate SBT. The tax would be computed on the gross profit of the business." He defines gross profit as all compensation to owners—net profit and salaries. The tax would be five per cent of gross profit with an exemption for the first \$15,000. Thus, payrolls would be exempt under Milliken's revision.

• Workers compensation and unemployment compensation taxes would be removed from the tax base.

• Owners of unincorporated businesses would get a personal income tax credit, the credit varying with the size of business income.

While the governor admitted the new SBT would lose some revenue stability, he said this effect could be reduced by his budget stabilization plan, under which excess revenues from good economic years would be bankrolled to avoid budget cuts in recession years.

BENNETT SAID the SBT now in effect "alleviated the taxes of large corporations and rammed it to the small."

"We need to take \$50 million to \$75 million off the backs of small businesses—Ford and GM and the rest."

Bennett said he hadn't seen Milliken's proposal in bill form, but he told the administration he would be glad to sponsor the changes. Under the Michigan constitution, the governor has no power to introduce a bill but must find a friendly legislator to do it for him.

BROTHERTON said he agreed with the basic premise—"to lower the tax on small and low-profit businesses."

"My main reservation is whether it will deal with the problem completely. The effects of this plan are difficult to judge."

"When you start allowing a business with a \$40,000 gross profit a deduction of \$15,000 for the proprietor's salary—well, businesses don't consider that much of a break in this day and age."

"I'm sending a letter to some of the business community asking them to apply this (Milliken's plan) to their businesses."

"Another thing concerns me: Small and medium-sized manufacturing businesses that are fairly labor-intensive have written to me. Between the costs of SBT, product liability insurance, workers compensation and general liability, they're in trouble."

"THIS PROPOSAL will go to the taxation committee in the house. I'm serving on that this year, so I'll get a good whack at it," Brotherton said.

Other area lawmakers on that committee are: George Montgomery (D-Detroit), chairman; Claude Trim and Monte Gerald, Oakland County Democrats; Perry Bullard (D-Ann Arbor); Roy Smith (R-Ypsilanti), whose district includes some of Plymouth; and Tom Brown (D-Westland).

Unfortunately, said Brotherton, Chairman Montgomery doesn't want to take up SBT reform until fall. Montgomery wants to wait until the state has a full year of experience with SBT before considering changes.

Brotherton said state sources figure SBT revenue will be \$40 million to \$50 million less than anticipated. So the total revenue SBT raises will have to be studied.

But if the house taxation committee is reluctant to get started, Brotherton said its counter part on the other side of the Capitol Building has no such qualms.

Sen. Patrick McCullough (D-Dearborn), chairman of the finance committee and a man possessed of gubernatorial ambition, wants to begin dealing with SBT very soon.

Vocational center opens house

The Southwest Oakland Vocational Education Center will celebrate its sixth birthday with an open house 14 p.m. April 24.

The \$2 million school opened in September 1971, to serve junior and senior students from public, private, and parochial schools in seven school districts.

EMU offers aging minor

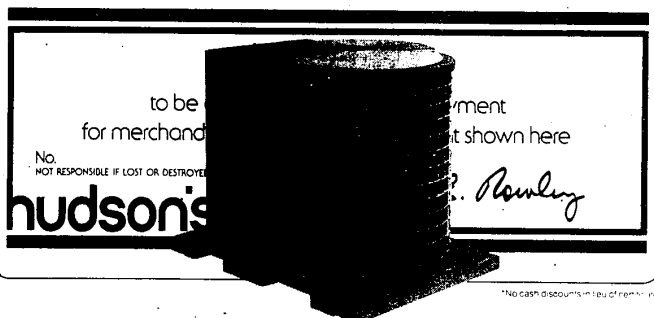
A new minor in gerontology has been approved at Eastern Michigan University.

Administered by the College of Human Services, the minor is interdisciplinary, bringing together courses in the departments of educational psychology, psychology, sociology and occupational therapy, as well as others in the college.

Participating schools are Clarenceville High School; Farmington, Harrison, North Farmington, and Our Lady of Mercy high schools in Farmington; Novi High School; West Bloomfield High School; South Lyon High School; Walled Lake Central and Western high schools in Walled Lake; Milford and Lakeland high schools in Huron Valley; and West Highland Christian Academy.

The students attend regular high school classes for half a day and spend the other half day at the vocational center. The school is located at 1000 Beck Road, Wixom.

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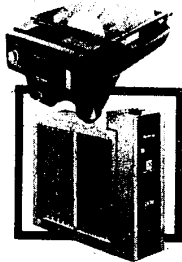
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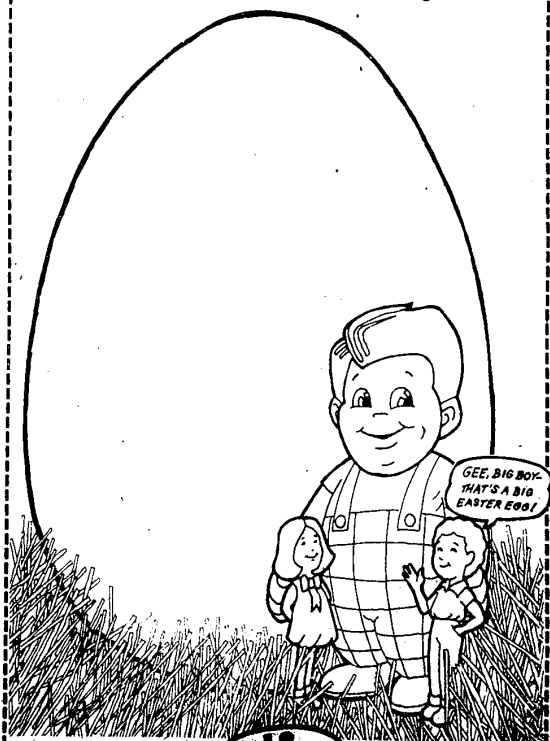


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