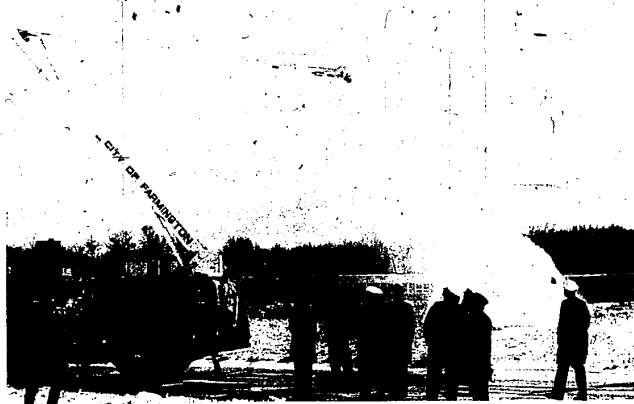
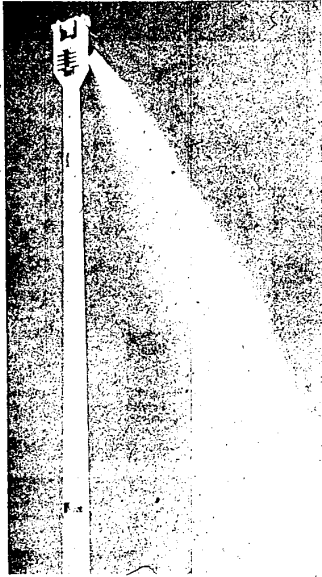


Wednesday, December 3, 1969



## Area Fire Chiefs Eye City's Mechanical Elbow

**ON DISPLAY** -- The City of Farmington's new firefighting equipment, the snorkel, was displayed last week to a group of about 20 fire chiefs and firefighters of South-eastern Michigan. The demonstration, led by Director of Public Safety

Robert Deadman, was held in a new subdivision on Drake south of Grand River, west of the city. The city obtained the snorkel by participating in a matching-fund federal grant, becoming the first municipality in Michigan to own the equipment.

The snorkel is designed to shoot water onto burning roofs of high buildings. It can be swung 180 degrees and its long arm bends as easily as the human elbow. The snorkel replaces the need of sending firefighters up ladders to distinguish roof fires.

(Photos by Ralph Evert)

# How Inflation Hurts Elderly: A Bad Break On Taxes

analysis

By EMORY DANIELS

In the past three years, 21 senior citizens, disabled veterans and widows of veterans living in the City of Farmington have been disqualified for property tax exemptions.

Because of inflation, 15% of the city's taxpayers previously eligible for property tax exemptions no longer are.

Even more will become ineligible in 1970 unless the Legislature intervenes and amends the qualifications to become more in line with current economic conditions.

STATE LAW provides a \$2,500 property tax exemption for senior citizens, disabled veterans or widows of veterans. The exemption for disabled vets ranges from \$2,500-\$4,500 depending upon the degree of disability.

To qualify, a senior citizen must be 65 years old with an annual income of \$5,000 or less. Also, the senior citizen cannot own property with a total state equalized valuation (SEV) of over \$10,000.

There is no income level for disabled vets, but the \$10,000 SEV total applies. A widow of a veteran can earn up to \$7,500 but cannot own property with an SEV exceeding \$10,000.

Since 1966, 21 residents lost their exemptions in the City of Farmington because the equalized value of their property exceeded the \$10,000 limit.

The physical qualities of these houses did not change. Instead, the real estate values increased because of today's inflation. But that same inflation did not raise the income for senior citizens, disabled vets or widows on pensions.

IF INFLATION is the culprit, the weapon used is the SEV factor.

SEV is a factor applied to local assessments to insure that all property in the state is taxed at 50% of its cash or market value (the price the home could be sold for).

If a community's assessed valuation is below the market value of its property, local assessments are multiplied by an SEV factor to raise the assessments to a level equal to 50% of market value.

The factor was put to use in 1966, by order of the 1963 state constitution. It is now a state constitutional requirement that property be assessed at half the market value.

The factor is determined by county equalization boards which sample real estate transactions of municipalities within their counties.

In 1968, for instance, the City of Farmington had an SEV factor of 1.0 which means in 1968 the city's assessed valuation equaled the market value as determined by real estate values.

But in 1969, the county reported the city's assessments were 15% below the market value. Thus, an SEV factor of 1.15 was applied. An assessed valuation of \$10,000 became an SEV of \$11,500.

WHAT ACTUALLY happened is that the price of homes in the City of Farmington increased 15% between 1968-69.

But the 0.15 hike in the SEV factor was enough to wipe 18 city residents off the list of those persons qualifying for property tax exemption.

If passed by the Senate, an applicant could own any amount of property and still qualify for an exemption provided his income is under \$6,000 a year.

The bill is now in Senate committee and may stay there during this session. The Senate is engaged in the governor's educational reform package and is not expected to take action on the exemption bill.

LAST YEAR, the House passed a similar bill and sent it to the Senate. The Senate adopted its own version which went back to the House, and the bill died.

This year, the bill is doomed to similar fate unless public pressure is applied on the Senate. Farmington residents may send a post card urging adoption of House Bill 2826 to Sen. George Kuhn (R-14th District) to 7222 Cottonwood Knoll, Birmingham 48010.

Thus, the senior citizen with a \$2,500 exemption paid \$300 taxes in 1968 and in 1969, after losing the exemption, paid \$460. (Based on an assessed valuation of \$10,000 in 1968 raising to an SEV of \$11,500 in 1969.)

A disabled vet with a full exemption of \$4,500 saw his tax bill rise from \$220 in 1968 to \$460 in 1969 if his equalized valuation exceeded the \$10,000 ceiling.

IN 1966, 142 City of Farmington residents qualified for property tax exemptions. Since then, 15% have lost their exemptions.

Today, more senior citizens and veterans have moved to Farmington but the number is still lower at 139.

Without help from the Legislature, even more will lose exemptions in 1970. City officials project the SEV factor for the City of Farmington will increase 13%, from 1.15 to 1.28, in 1970.

Without legislative intervention, the senior citizen with a home assessed at \$10,000 in 1966 will have an equalized valuation of \$12,000 in 1970. The higher the SEV factor climbs, the greater will be the number of casualties.

The Farmington City Council recognized the plight of senior citizens and disabled vets and passed a resolution urging the Legislature to provide relief.

Similar resolutions were passed by Birmingham, Troy and Ferndale. Basically, the Farmington resolution asked the Legislature to raise the income and assessment limits to reflect current economic conditions.

THE RESOLUTION suggested that the exemption and \$10,000 SEV limit of 1966 be raised each year according to that year's increase in the SEV factor.

The resolution also asked that the \$5,000 limit in 1966 on the applicant's income be indexed according to cost of living changes each year.

But that was not the approach taken by the House of Representatives. House Bill 2826, however, will provide the desired relief if passed by the senate.

HOUSE BILL 2826, sponsored by Rep. Lucille H. McColough (D-Deerborn), was approved by the House but has yet to receive Senate approval.

The House bill maintains exemptions at current levels, raises the income limitation to \$6,000, and eliminates the SEV limitation.



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