

# Smith unveils tax shift to aid school districts

By Tim Richard  
staff writer

The Michigan Education Association has been over it and likes it.

The Farm Bureau has written some of the language and likes it.

The Michigan Townships Association (MTA) will actively push it.

And this time state Rep. Roy Smith, R-Saline, thinks he finally has a winner — a ballot proposal to cut school operating property taxes that can't be evaded by the Legislature and can win at the polls.

"If legislators are boxed in, they'll perform," Smith said last week as he unveiled the proposal to the Michigan Municipal League. "I have them so boxed in they'll have to perform."

He added: "We would make education the state's No. 1 priority."

SMITH BOASTS the support of 30 cosponsors of his House Resolution 8 but admits aloud, "It probably won't go anywhere in the Legislature."

So with the help of Rep. Claude Trim, D-Davisburg, and the 6,500 officials from 1,225 townships, he is seeking some 450,000 petition signatures to put his lengthy constitutional amendment on the state ballot.

Main provisions:

- The first 75 percent of school property taxes would be removed from homesteads and resident farms. Limits: \$1,800 for houses, \$2,500 for farms.
- Persons age 62 and older would pay zero school operating taxes on homesteads.

- Farms would have to be assessed for farm use, even if in the path of a development. "The Farm Bureau attorneys wrote the language," Smith said.

- The state would have to reimburse each school district 100 percent for lost property taxes. Legislators could not take the money from other public education — universities, four-year colleges and community colleges. Total cost: \$1.5 billion.

- The sales tax would be raised to 5 percent from 4 percent, and "circuit breaker" rebates would be eliminated. Total revenue and savings: about \$1 billion.

- The remaining \$520 million would have to be raised by the Legislature, either by cutting other non-school state spending or by increasing the per-

sonal income tax as much as 0.8 percent. (Currently, the income tax rate is 4.6 percent; the Legislature is considering Gov. Milliken's proposal to raise it by 0.4 percent.)

- Election of local school boards, now provided by state law, would be guaranteed in the constitution. Local control of schools would also be constitutionally guaranteed.

"I KNOW of no organization which opposes it," Smith said.

Renters and businesses would be unaffected by the proposals he said, although renters would still be eligible to declare a portion of their rents as a state income tax deduction.

Some of the nearly 800 municipal league members — officials of cities and townships — voiced disapproval. Said one: "The schools want the best of two worlds. Cities, villages and counties are going through strains. The schools are losing population and need to be more efficient. If we give them a 'hold harmless' (guaranteed 100-percent reimbursement from the state for lost property taxes), we're not doing them any favor."

Robert Robinson, MTA executive director, said in a separate announcement, "Never before have the state coffers or the school funding system been in this kind of shape. Though we would have preferred to support a cut rather than a shift, we realize that this state is in deep trouble and can't afford it right now."

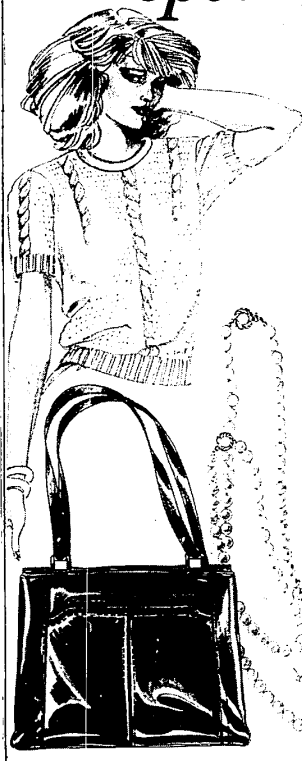
"We feel it's time to base school funding more on ability to pay."

PROPERTY TAXES have been almost a 27-year concern of Smith, whose 52nd House District spreads across rural Washtenaw County and into Plymouth Township.

He was co-author of the Smith-Bullard proposal, a 1980 ballot plan that would have shifted school funding to the state income tax. Though supported actively by the MEA, the proposal received only about 20-percent support at the polls.

Smith is also known as author of PA 114, which requires equalization of local property assessments by class of property. The law was aimed at such industrial communities as Dearborn and Redford Township, where it caused major increases in residential assessments. Smith argued residential assessments were far too low.

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