

Handwritten or typed, message is anti-tax hike

By Tim Richard
staff writer

State Rep. John Bennett's constituents in Redford Township and eastern Livonia write most of their letters to him in longhand and use a lot of exclamation points.

State Rep. Ruth McNamee's constituents in Birmingham-Bloomfield type

most of their letters, sometimes dictating to secretaries.

But an overwhelming majority say the same thing: Don't raise taxes — and if you do, don't let it be permanent, as Gov. James J. Blanchard has proposed.

"It's horrible," said McNamee, a Republican serving her fifth term, quickly adding, "But some are reasonable. The only persons giving it support are those involved with mental health services — advocates, providers and recipients."

'Alliance' supports temporary tax hike

A coalition of business and labor leaders proposed raising the state's 4 percent sales tax to replace some or all of Gov. James Blanchard's proposed state personal income tax hike.

The Economic Alliance of Michigan also pledged its support for the governor's proposed \$225 million cut in general fund spending, but said it opposed a permanent increase in the income tax.

The organization was formed last September in an effort to pursue "active steps to rejuvenate the state economy." The 70-member organization is headed by co-chairmen Fred Seerest and Irving Bluestone.

Seerest, a former Ford Motor Co. executive, and Bluestone, a former UAW vice president, outlined the coalition's proposals at a press conference before addressing the Economic Club of Detroit Monday in Cobo Hall.

THE ALLIANCE recommended raising the sales tax because Michigan's rate is below that of many other states.

"Voters could be given the earliest reasonable opportunity to consider increasing the sales tax rate, with all that additional revenue being used to reduce the income tax rate," the group's policy statement said.

The state constitution fixes the rate at 4 percent and exempts food and drugs, and voters would have to approve any increase.

However, the alliance opposed a permanent increase in the income tax to 6.1 percent from the current 4.6 percent, arguing it would put Michigan's rate "significantly above most competing states."

A temporary tax increase should provide "more than enough revenue to maintain a balanced budget in future years, even after the most critical elements of the proposed expenditure reductions have been eased," the alliance said.

THE COALITION supported Blanchard's proposal to impose a 0.25 percent surcharge for an estimated three to five years to eliminate the deficit from previous fiscal years.

"Surcharge revenue should not be used for any purpose except correction of these accounting deviations. This approach ultimately should reduce interest costs and improve bond ratings for government and the private sector," the group said.

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THE SAME story is repeated up and down the State Capitol corridors. As lawmakers on the House Taxation Committee negotiate with Democrats and Blanchard, the mail is running eight or 10 to one against an increase in the state personal income tax.

The pro-increase letters concentrate on cuts which Blanchard has proposed in state spending, especially the cuts proposed for mental health. Often these letters stand out because they are printed or photocopied, or they come from persons outside the legislator's district.

A sampling of the mail:

• Sen. R. Robert Geake, R-Northville — five yes, 97 against, counting both letters and phone calls. Two pro-increase letters, one to save the Department of Social Services' Foster Grandparents program. Geake's district includes Redford, Livonia, Plymouth and Canton.

• Sen. Patrick McCollough, D-Dearborn — only five letters favor it, an "overwhelming" number are opposed, a few are form letters, but most are spontaneous, according to a secretary. His district includes Garden City.

• Sen. Philip Mastin, D-Fondlac — three or four letters in support, about 25 against, according to a secretary for the first-term senator whose district includes Rochester.

• Rep. Joe Forbes, D-Oak Park — 20 against and seven or eight in favor, "mainly from educators. I would have that more because of my leadership position," said the House Democratic floor leader.

• Rep. Maxine Berman, D-Southfield — "my mail is light," she said, citing college students who can't afford tuition and a "touching letter from an older couple who got their retirement daughter into a group home. Now they're terrified it can't remain open." Berman is inclined to vote for the increase.

• Rep. Jack Kirksey, R-Livonia — "approximately 95 percent are vehemently opposed," the fourth-term lawmaker said. "I've had 100 pieces of mail. On most issues, I got 10 or 12 letters. Of the five who support it, most are people with an interest in special state programs (Foster Grandparents) or state employees."

• Rep. Bennett, D-Redford — 28-3 against. One of the pro-increase votes cites the need for jobs — particularly state workers' jobs. It's one of his few typed letters.

SOME LAWMAKERS have replies

Many letter writers clipped and mailed an anti-increase editorial from the Detroit News. Quipped Forbes: "We should send 'em back the editorial from the Press Press."

Forbes asked rhetorically, "Do those people who want more cuts know the only place we have left to cut? It's the \$600 million in homestead property tax exemptions." His point is that a vote for such a cut would necessarily mean an increase in local property taxes for about two-thirds of homeowners.

Kirksey has a form letter ready which says Blanchard's proposal is "the beginning of negotiations between his office and the Legislature. . . I anticipate, regrettably, there will be

some form of new general taxation," though not the full 1.75 percent Blanchard asked and not a permanent one.

Kirksey predicts lawmakers will make larger budget cuts than the \$225 million proposed by Blanchard.

BENNETT, A 10-term lawmaker, has prepared a form letter saying he has never voted for a tax increase, adding, "I will not sit idly by and let our state go down the drain."

He notes that the appropriations committees of the legislature approved \$225 million in spending cuts already, "but the welfare caseload increased by approximately \$230 million during December and January . . . Our increased welfare caseload consists primarily of people who ran out of unemployment benefits and now are forced onto the welfare rolls."

McNamee, who won a bitter renomination battle in the GOP primary last August after voting for the six-month tax increase, is taking some comfort from the fact that many of her anti-tax

letter writers say a tax increase shouldn't be permanent.

"What we haven't got across is that, even if we make budget cuts beyond the executive order cuts, we still haven't wiped out that deficit. That, people doubt."

Blanchard's plan calls for a 1.5-percent increase in the personal income tax for operations, with no expiration date mentioned, and a 0.25-percent increase to retire an accumulated \$900-million debt.

Republicans, in particular, admit the Milliken administration last year consistently estimated revenue too high, but they also insist the Blanchard administration is inflating the size of the projected current deficit.

MEANWHILE, Republican and conservative Democratic legislators are casting a suspicious eye at a 150-member Committee to Save Michigan, which plans to drum up support for a tax increase, though not necessarily Blanchard's plan.

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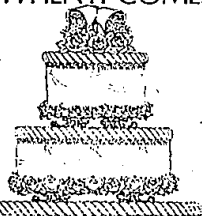
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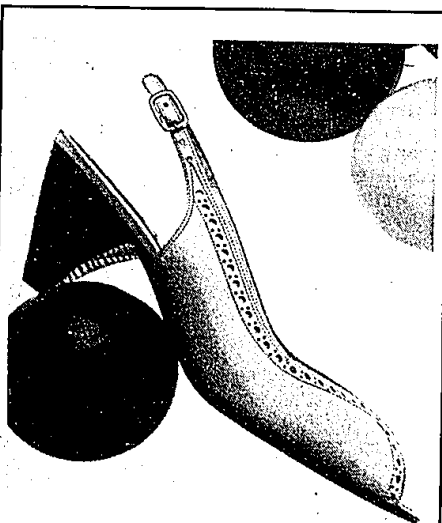
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