

'Flat tax' can help, hurt Michigan — bank

The U.S. Treasury Department's tax-reform proposal — nicknamed the "flat tax" — would do more harm and good for Michigan than other states, according to a study by Manufacturers Bank economists David L. Littmann and Patrick L. Anderson.

The Treasury proposal would eliminate many tax preferences in exchange for lower tax rates. The Littmann-Anderson study concludes that the lower tax rates and reduced government involvement in the economy would ultimately make Michigan and the country as a whole better off.

But the elimination of some tax preferences such as the deduction for state and local taxes and the exemption for unemployment compensation would hurt Michigan more than other states.

"BECAUSE MICHIGAN is a high-tax, high-unemployment state, these tax preferences currently favor us. However, the 'flat-tax' plan would dramatically lower the tax burden of low-income families, which would help states like Michigan," according to Anderson.

Michigan businesses would initially suffer under the elimination in certain investment incentives such as accelerated cost recovery system (ACRS) and Investment Tax Credit (ITC). But the "flat-tax" plan indexes depreciation for investment so Michigan would not suffer from the ravages of "taxflation" (paying taxes on paper profits caused by inflation) as it did in the 1970s.

Nonetheless, the loss of investment incentives would be the biggest cost to Michigan under the tax-reform proposal and the one Manufacturers

Bank economists would most like to see changed.

THE BIGGEST gain to Michigan would be the increase in after-tax income for individuals. Since 78 percent of consumers would receive a tax cut, sales of automobiles and other Michigan products would be boosted.

"Ultimately, economic growth determines the standard of living of a country after an adjustment period of one to three years. Michigan could expect a higher standard of living, less poverty and more employment under the 'flat-tax' plan," said Anderson.

Schoolcraft, LIT reach agreement on credit transfers

By Tim Richard
staff writer

Schoolcraft College students will be able to transfer into several programs at Lawrence Institute of Technology in Southfield without loss of credit under a so-called "articulation" agreement.

"It should make our transfer students have an easier time," Schoolcraft President Richard McDowell told the board of trustees.

In an "articulation" pact, College A gears its Math 101 course to lead logically into College B's Math 102 — no repetitions of course material, no gaps.

The agreement allows those who earn an associate degree from Schoolcraft to enroll at LIT without loss of credit in three basic areas:

- Bachelor of science with a major in business administration.
- Bachelor of science majors in pre-engineering.
- Bachelor of science majors in humanities, mathematics and computer science.

McDowell said a student who does not deviate from the program can attend Schoolcraft for two years, transfer to LIT and complete the degree in the same time as a student beginning at LIT.

WHO SAID "Don't look a gift horse in the mouth?" Two Schoolcraft trustees are wondering if the 1985 Cadillac which General Motors Corp. wants to give the college's automotive program is really worth the \$21,975 GM says it's worth.

"I don't want to be a party to it. It's a gut feeling," said trustee Rosina Raymond, raising an eyebrow at the tax deduction GM stands to get.

McDowell said the price is "a sticker price. The usual procedure is for the donor to state the value. It's between them (the donor and the Internal Revenue Service (as to its true worth))." McDowell said, "I don't want to go back to them or they may say 'forget it.'"

"We get few brand-new cars to work on," the president added.

Vice president W. Kenneth Lindner said the Cadillac was a pre-production model that was never put into production.

Trustee Harry Greenleaf also questioned GM's statement of the value and won an amendment requiring McDowell to ask GM for "a more precise stated value."

The motion passed 5-1, with Raymond dissenting. Trustee Sharon Sarris, a GM employee, abstained.

Without discussion or dissent, the board accepted gifts of \$2,000 worth of scrap steel (2,000 lbs.) from Industrial Metal Fabricators Co. of Detroit, for the welding program; \$100 from Gonitti's Inc., a Northville restaurant, for fine arts scholarships; and \$50 from the Livonia Business and Professional Women's club, for use by the Women's Resource Center.

SAUNDRA FLOREK, assistant to the president, reported the Schoolcraft College Foundation, for which she provides staff assistance, has 312 members compared to 294 for the 1983-4 school year.

"Our goal is 400 for this year, which ends June 30," Florek told the board.

The foundation has collected more than \$25,000 already compared to \$15,722 for all of last year, she added. The foundation helps the college with capital gifts and scholarships. It has scheduled a Feb. 16 Hawaiian dinner at \$35 a plate.

High school math club meets at LIT

"Logic, Maps and Chips: a Foray into Boolean Algebra" will be the topic when the Detroit Metropolitan High School Mathematics and Computer Club meets next week at Lawrence Institute of Technology, Southfield.

The meeting starts at 7 p.m. Thursday, Jan. 10, in room S-321 of the Science Building. LIT is at 21000 W. Ten Mile Road. Regular meeting day is the first Thursday of the month during the academic year.

Professor Robert Hatch of LIT's School of Engineering will present the lecture, which is open to the public without charge.

Preceding the lecture will be a beginning Fortran class at 6 p.m. Those attending the Fortran class are required to stay for the regular 7 p.m. meeting. The Fortran class is part of a series of five offered during the academic year.

Blanchard vetoes voter bill

Gov. James J. Blanchard has vetoed a legislative bill to eliminate Michigan's so-called "two-tier" system of voter registration and allow local clerks to purge their files after five years.

"It upset me very much," said state Sen. R. Robert Geake, R-Northville, the bill's sponsor. "The bill had bipartisan support of leaders in both the House and Senate and was endorsed in concept by Secretary of State Richard Austin."

Geake, whose district covers Plymouth, Canton, Livonia and Redford, was particularly chagrined that the state League of Women Voters first supported the bill, then wrote to Blanchard asking it be vetoed.

Blanchard's veto message charged the bill would "impose a more rigorous standard of voting frequency upon citizens without encouraging greater voter participation."

THE BILL, suggested to Geake by Plymouth Township Clerk Esther Hulsing, would have:

- Allowed names of inactive voters to be purged after five years. Current law allows clerks to place the names of registered voters who have been inactive for four years in an "inactive" file and hold them for six more years — the "two-tier" system which clerks found burdensome.
- Required the clerks to send written notification to the inactive voter's last known address. The voter then could either write to or call the clerk asking for reinstatement.

BLANCHARD SAID, "It is equally as important to initiate a comprehensive approach to facilitating voter registration as it is to implement administrative efficiencies."

The Democratic governor pointed to Secretary of State Austin's proposals for increasing voter participation, apparently unaware that Austin had publicly endorsed the major terms of Geake's bill.

"The governor is playing senseless partisan politics in opposition to good public policy," Geake said in a statement. "The governor has denied clerks the ability to maintain valid voter registration lists."

He said he would reintroduce the bill when the Legislature reconvenes in January.

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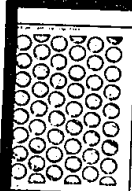
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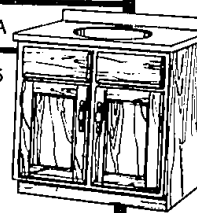
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