

# Lawmakers' '89 target: inheritance tax

By Tim Richard  
staff writer

State Senate Republicans vow cutting the inheritance tax will be a 1989 priority — whether the Blanchard administration likes it or not.

"We have a good commitment from the House leadership to give this fair consideration next year," said Sen. Nick Smith, R-Hillsdale, as the Michigan Legislature met for two hours before adjourning for the year.

"The inheritance tax jeopardizes the middle-income group," said Smith, author of a Senate-passed bill (SB 1) to cut that tax virtually to zero and halt the drain of retirees to Florida. He noted many Democratic legislators support that reform, even if their leaders wouldn't let it come to a vote.

But Democratic Gov. James Blanchard's top economic spokesman, state treasurer Robert Bowman, said in the lobby afterwards, "The inheritance tax should have a review. But I'm not convinced it has to be changed."

**BOTH HOUSES** Thursday gave near-unanimous approval to a tax bill (SB 279) after removing a Republican provision tying it to Smith's SB 1.

As passed and sent to the governor, the tax bill will:

- Extend the so-called "circuit breaker" another two years. That provision gives many suburban homeowners an income tax rebate if property taxes exceed 3.5 percent of income. Average rebate payments are \$450.

- Ease the "kiddie tax," by allowing young show shovelers and babysitters to avoid filing state income tax returns if they earned less than \$1,500 a year, and then granting a \$500 exemption above that.

- Tax lottery winnings to pay for the "kiddie tax" loss.

- Authorize low-income senior citizens a prescription drug credit of up to \$450, at a cost to the treasury of \$20 million in income taxes.

- Prevents the loss of home heating credits to 250,000 households — senior citizens, handicapped and low-income families.

The Senate re-passed SB 279 on a 30-1 vote with support from all area senators except Doug Cruce, R-Troy, and William Faust, D-Westland, both absent.

Without debate, the House concurred on an 85-9 vote with 25 absent, including John Bennett, D-Redford, Matt Dunaskis, R-Lake Orion, Gordon Sparks, R-Troy, and Wilfred Webb, D-Hazel Park.

**'You can't separate the inheritance tax from the gift tax issue. Michigan has no gift tax. Any review of the inheritance tax should contain a look at a gift tax.'**

— Robert Bowman  
state treasurer



**BOTH PARTIES** in both chambers had agreed to most of the provisions, but the Senate GOP last month sought to "tie-bar" SB 1 to the general tax bill — the general bill couldn't become law unless SB 1 were passed, too.

Blanchard called it "game-playing."

"This chamber (Senate) said to do away with the inheritance tax," Smith said.

"The House had over 60 votes on the board agreeing with us, but they (House Democratic leaders) wipped

the board clean. The leaders persuaded some members to take a walk. There were 52 votes to pass SB 1 (with 55 needed) and 40 votes to break the tie-bar," he said.

Smith said that when retirees shift residences to Florida to Florida, "they take their finances with them." Smith said Michigan economic strength would be improved by giving them an inducement to stay here.

SEN. JACK FAXON, D-Farmington Hills, supported SB 1 when it passed in 1987 and said, "I don't think

there's any question of making changes. But there is a question of what revenue sources we're going to use to replace it."

Estimates of the revenue loss due to repealing the inheritance tax range from \$60 million to \$80 million.

"A lot of people in my district (which includes Southfield) don't have Michigan as their tax home. They have a Florida residence.

"There ought to be more uniformity among the states to take away the incentive for people to look elsewhere," Faxon said. He noted that Michigan has removed business taxes that gave many firms an incentive to incorporate in low-tax Delaware.

BUT TREASURER Bowman was

cooler to inheritance tax repeal, although he insisted he is still "a fiscally conservative Democrat."

"You can't separate the inheritance tax from the gift tax issue," Bowman said. "Michigan has no gift tax. Any review of the inheritance tax should contain a look at a gift tax."

Many elderly parents before death give large, tax-free gifts to their heirs to avoid the inheritance tax.

Supporters of SB 1 had noted that the late industrialist Henry Ford II was a tax resident of Florida at the time of his death, thus beating Michigan's inheritance tax. That argument failed to impress Bowman.

"Not having a gift tax is more enticing to a Henry Ford II than not having an inheritance tax," the treasurer said.

## OCC to register for winter classes

Registration times have been announced for several programs at Oakland Community College.

**WINTER** semester registration is Tuesday and Wednesday, Jan. 3-4, from 9 a.m. to 8 p.m. on all campuses. Classes begin Jan. 5.

Applications for the winter semester are being accepted. New students should contact the admissions counselor at the campus of their choice for a schedule of classes and information on admission procedures.

OCC campuses are: Auburn Hills, 2900 Featherstone, east of the Pontiac Silverdome; Highland Lakes, 7350 Cooley Lake Road, Union Lake; Orchard Ridge, 27055 Orchard Lake Road south of I-696, Farmington Hills; and Royal Oak, 739 S. Washington. (Southfield Campus students are registered at the Royal Oak site.)

For registration information, call OCC at 540-1549.

**WALK-IN** registration for winter non-credit classes at the Orchard Ridge Campus of OCC is scheduled for Jan. 23-27 on the second floor of M Building.

Hours are 9-11:30 a.m. and 1-4:30 p.m. Evening registration is Jan. 23-25

from 6-8 p.m. at the front desk of M Building.

A schedule of non-credit classes is available by calling 471-7616.

**HIGHLAND LAKES** Campus will hold registration for winter enrichment classes the week of Jan. 23.

Classes include those for singles, particularly a free-style dance class where no partner is needed; a "Transitions" workshop for persons needing support, direction, educational guidance and career planning; a day-time course for children of alcoholic and dysfunctional families; and a one-night program called "Stress — Piled High, Buried Deep."

A copy of the brochure is available by calling 360-3041.

**"HOW TO TAKE Your Product or Idea from Development to the Marketplace"** will be the topic of a three-hour seminar Tuesday, Jan. 24, on the Highland Lakes Campus. The seminar begins at 6:30 p.m. in Room 110 of the Student Lounge Building. Instructor Patrick Schere will focus not on individuals' products, but on the creative steps of product development and marketing. Fee is \$10.

For registration information, call 360-3041.

## Day-care bill dies in Senate

City women who perform day care services at home will have to wait until sometime later this year for state protection from zoning ordinances.

The state Senate on Thursday adjourned for the year without taking up a bill by Sen. Jack Faxon to exempt day care homes for children from city ordinances that would allow them only in commercial zones.

"The Senate leadership was unwilling to suspend the rules" to al-

low a vote, said Faxon, D-Farmington Hills, who came within one vote of getting his measure through both chambers last month.

**IN THE** gallery were some 50 women who do day care work. Faxon took the Senate floor to let them know, "The leadership assured me they'll put them through early next year."

Faxon sponsored three bills to rescue such women from a "Catch-22"

situation: If they registered their day care operations with the state, they found themselves running afoul of local zoning ordinances.

His Senate Bills 687-689 would have prohibited local units from zoning them out. State law takes precedence over local ordinances.

The latter two bills, 688-689, affecting townships and counties, were passed and will become law.

BUT THE House amended Fax-

on's SB 687, governing cities, and returned it to the Senate for concurrence in the amendments.

The Senate vote came during its 21-hour session of Dec. 7-8, and SB 687 was a vote short.

"The votes were there," Faxon said. "But somebody was off the floor."

A new House of Representatives takes office in 1989, and Faxon's bill will have to be reintroduced and passed all over again.

## Geake takes credit for smooth session

"I want you to notice," said Sen. R. Robert Geake, "how smoothly it went today."

In two hours, from 10 a.m. to 12 noon, the Michigan Senate Thursday cleaned up its work for the year without a single word of rancor or parliamentary slip.

Geake, R-Northville, was proud because he was acting floor leader — the chamber's traffic cop who de-

cides which bill and resolutions will be brought up.

Geake, as assistant majority floor leader, acted in the absence of floor leader Phil Arthurs, R-Whitehall.

**THE SENATE** didn't have to go through a special session, as threatened by Gov. James J. Blanchard, because it cleaned up the tax bill in

its two-hour final session (see other story).

But Geake said Blanchard's Dec. 22 call for a special had "no effect. He issued the call for a special session while the Legislature was still in session."

It was a fine procedural point. The state constitution gives the governor power to convene the Legislature into special sessions for specific purposes.

The last such special session was more than 20 years ago, when Republican George W. Romney was governor.

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