Grubba: Guard economic road fund

By Tim Richard
staff writer

Just increasing the state fuel tax will do little to help Oakland County's traffic-choked roads.

"It has to be put into the economic development fund," said John L. Grubba, managing director of the county road commission.

The reason, Grubba told a county commissioners panel Monday, is that Oakland will get a poor return if new fuel tax money goes into the general transportation pot.

There it would "get lost" on state highways and rural counties without Oakland's growth problem.

GRUBBA APPEARED before the commissioners' government and transportation committee. But its discussion of 1989 goals turned into a monologue as the road chief rattled off history and numbers, and the seven commissioners listened quietly.

Last year, he said, the state Legislature raised various vehicle fees $90 million, putting half the pot into a series of four economic development funds to aid counties with growth problems.

From category A, "targeted industries," Oakland was awarded $8 million of the total $11.4 million, all of which went toward the Oakland Technology Park in Auburn Hills.

From category C, Oakland received $4.5 million of another $11.4 million, most of which went to widen Big Beaver Road in Troy.

With the general transportation fund, however, Oakland road agencies get only 56 cents for every $1 its residents send to Lansing.

"IN THE NOVEMBER election," Grubba said, referring to a defeated county vehicle tax, "we heard, 'We don't need more taxes; why don't you guys go back to Lansing and get back more of what we're already paying.'

"We can't get a change in the (general transportation) formula. The only time we're successful is when there's a new tax," he said.

"We've got a real battle coming up," Grubba went on.

For one thing, House Speaker Lewis Dodak, D-Montrose, has said he is open to raising the fuel tax 2 cents a gallon — for the general transportation fund. "That's not acceptable," said Grubba.

For a second, the Michigan Department of Transportation staff is discussing a 5-cents increase — 2 cents going for state road bonds and 3 cents into the general transportation fund.

"We'd be opposed to cutting a big slice off and giving it to MDOT," he said. "MDOT said last year it didn't need it, and the governor's state of the state message (in 1988) says our roads are in the best shape in decades — at the same time the cities and counties are saying theirs are in the worst shape."

Grubba said Oakland and other metropolitan counties — Wayne, Macomb and Genesee — should continue to advocate a 6-cents-a-gallon increase phased in at 2 cents a year for three years. One cent would go into general transportation, the other into the economic development fund.

Each cent of the fuel tax yields about $45 million.

Michigan's current fuel tax is divided by an elaborate formula between MDOT, the 83 county road agencies and municipalities (cities and villages).

John L. Grubba
'battle coming up'

Medicare tax topic of forums

Most older taxpayers who are eligible for Social Security benefits will find themselves paying an additional tax for Medicare, under provisions of the new Medicare Catastrophic Coverage Act. The act went into effect Jan. 1.

An investment counselor said taxpayers 65 and older can reduce that burden. Other area residents are protesting the tax.

The tax obligation must be reported and paid with the 1989 federal tax return. For each $150 you pay in federal income tax, you will be assessed $22.50. The maximum rate for a married couple in 1989 is $1,600. That will increase to more than $2,000 by the year 1993.

"You can reduce this tax burden," said John Mac Coll, vice president of investments and assistant branch manager of Dean Witter Reynolds Inc. in Southfield.

DURING FEBRUARY, Mac Coll and account executive Barry Sokol will offer free seminars on the subject throughout Oakland County.

"We're also planning on discussing the new benefits the act offers," he said.

Many retirees may switch from taxable investments such as one-year CDs (certificates of deposit) to one-year tax-free municipal bonds, Mac Coll said.

Seniors with an annual income of more than $20,000 will benefit from tax-free investments, Sokol said. These investments will lower their federal taxes and, in turn, may also reduce the Medicare premium.

MAC COLL ADVISES retirees to talk to a tax consultant or stock broker before attending the seminars.

"We're not suggesting that people take all their money out of bank CDs and only buy municipal bonds," he said. "We're talking about doing this with portions of your investments."

To reserve seats for the seminars, call 746-4500, Ext. 385. Mac Coll and Sokol also will speak to groups. The schedule:

- Rochester Public Library, 210 West University — 1 p.m. Wednesday, Feb. 22.
- Baldwin Public Library, 300 W. Merrill, Birmingham — 1:30 p.m. Monday, Feb. 6.
- Whitehall Apartment Complex in the Clubhouse, 16176 Cumberland Road, Southfield — 7:30 p.m. Wednesday, Feb. 8.
- Farmington Public Library, 23500 Liberty, Farmington — 1:30 p.m. Thursday, Feb. 9.

A FORUM on the Catastrophic Coverage Act itself will be conducted by a staff member for U.S. Sen. Donald W. Riegle.

There is no charge for the program at 2 p.m. Thursday, Feb. 9, at Georgian Bloomfield Nursing and Rehabilitation Center, 2975 N. Adams, Bloomfield Hills.

Meanwhile, Virginia Piluras of 501 Indian Lake Road, Lake Orion, is circulating petitions asking Congress to repeal the act. She charges it places an unfair tax on seniors and for the benefit of younger patients, organ transplant recipients and AIDS patients.