

Bills propose business property tax sharing

By Tim Richard
staff writer

The state Senate today will get its first look at bills to permit — but not require — schools to share their business property taxes countywide.

"It's the camel's nose in the tent," said Sen. Jack Faxon, D-Farmington Hills, who was on the short side of a 2-1 vote Wednesday morning in the Senate Appropriations subcommittee on school aid.

"There's no way out-of-formula school districts can gain. Their only potential is to lose," he said.

But panel chair Dan DeGrow, R-Fort Huron, made it clear he prefers statewide mandatory sharing of property taxes on commercial and industrial property — but not residential, farm or mining property.

"I would prefer to move farther, faster," DeGrow said. But he

dropped his plan in favor of the House-passed bills sponsored by Rep. William Keith, D-Garden City.

Voting for the bills were DeGrow and retiring Sen. William Sederberg, R-East Lansing.

KEITH'S HOUSE Bills 5885-6 will allow school districts within an intermediate (county) district to share the growth in business property taxes on a per-pupil basis. Every kindergarten-through-12th grade district within a county would have to agree.

Keith introduced the bills at the request of the Kent County Intermediate District and Grand Rapids Area Chamber of Commerce.

"We need an adequate supply of employees for businesses," chamber spokesperson William Knox told DeGrow's panel. "Each business draws employees from several school districts, not just from where it (the company) is located."

"Countywide revenue sharing assures employers they will support the local market," added Connie Glarmo, another Grand Rapids chamber spokesperson.

They asked DeGrow to "go slow" on his plan for mandatory statewide business tax sharing during a hearing in Lansing Tuesday.

By Wednesday morning, DeGrow had agreed to wait 'till next year on his plan. The Keith bills were due for

full Appropriations Committee action Wednesday afternoon.

SOUTHEASTERN Michigan city and school leaders strongly opposed the DeGrow plan, asking that the state raise aid to poor districts rather than robbing the local commercial-industrial tax base of richer districts.

Farmington Hills councilman Ben Marks said DeGrow's plan would have "a devastating impact on the Farmington School District."

Marks also accused DeGrow of hiding his plan and trying to push it through during the post-election, lame duck session of the Legislature.

"The last thing you want is people

coming to you and saying 'we didn't know about it.'"

DeGrow replied he had held many meetings with school people.

But Faxon agreed with Marks, saying DeGrow "is obviously holding meetings all around and not including everyone in." Faxon had a similar, bitter fight with DeGrow in June during the school aid budget fight in which he accused DeGrow of hiding the bill from a conference committee and ramming it through in five minutes. That bill cut categorical aid to richer districts by \$72 million.

KEITH'S PERMISSIVE bills were

passed by the House in September on identical votes of 83-16.

Opposed were suburbanites from both parties: Lyn Banks, R-Livonia, John Bennett, D-Redford, Maxine Berman, D-Southfield, Gerald Law, R-Plymouth, Judy Miller, R-Birmingham, Gordon Sparks, R-Troy, and Wilfred Webb, D-Hazel Park, along with members from Macomb and southern Wayne counties.

Supporters included Justice Barnes, D-Westland, Jan Dolan, R-Farmington Hills, Mat Danaskas, R-Lake Orion, Keith, and James Kostva, D-Canton.

Not voting was David Honigman, R-West Bloomfield.

Here's rundown on bills:

Two property tax base sharing measures (House Bills 5885-6) are in two different forms in the Michigan Legislature:

- House — Allows growth in commercial and industrial property to be shared within an intermediate (county) district if all school districts agree. It's a voluntary procedure sought by Kent County. The House approved these bills Sept. 26.
- Senate substitute — Requires half the growth in commercial and industrial property to be shared statewide. This version is before the Senate Appropriations subcommittee on K-12 school aid.

Both would restore some of the categorical aid which the Legislature has "recaptured" (taken away) from wealthier districts. "Categorical" includes special education, bilingual classes and the employers' share of Social Security taxes. The bills are tie-barred, meaning each must become law for the other to take effect.

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A plan to share commercial and industrial property taxes statewide would punish school districts with factories and working class residents, suburban superintendents told lawmakers Monday.

"It's very elitist," said William Bedell, superintendent of the Romulus district in southern Wayne County. "This will benefit residents of in-formula districts and punish highly industrial districts."

Bedell, a former Livonia district administrator, joined Farmington Superintendent Michael Flanagan in

bashing a share the wealth plan sponsored by Sen. Dan DeGrow, R-Fort Huron.

DeGrow, a strong advocate of allowing poorer districts to share the growth in commercial and industrial property tax growth of prosperous districts, took his subcommittee and a House subcommittee to Royal Oak Monday to listen to the objections of suburban school officials. The hearing was requested by Sen. Doug Cruse, R-Troy.

DeGrow MADE it clear he wants everyone to share in the suburbs' business tax base growth.

"The auto plant makes cars for people who live outside the school

district," said DeGrow, the Senate's top school finance man. He noted there are more poor than wealthy districts.

DeGrow indicated the bills are on a fast track and could be adopted and signed by Dec. 31 by outgoing Gov. James Blanchard. Cruse said there appeared to be "lukewarm support" for the bills.

Several school officials — such as John Hamm of Warren Consolidated — suggested that "in the long run, there is a need for new revenue." They advocated more new state money for poor districts, not taking away business taxes from the wealthier.

Heart of the problem is that Mich-

igan's 562 school districts have revenues ranging from \$2,500 to \$8,000 per pupil.

FLANAGAN SAID the high figure was exaggerated in Farmington's case because:

- Much maintenance work was done with operating funds.
- Special education money inflates Farmington's spending figure by \$1,000 per pupil.
- Office growth in Farmington Hills has caused problems as well as provided revenue. "Kids can't walk along major roads because of traffic gridlock," forcing the district to bus more pupils.
- His district has lost \$5.8 million in state categorical aid and will ask

voters on Feb. 5 for four more mills in local property taxes. Chances are poor because tax fighter Richard Headlee, a Farmington Hills resident, is opposing it.

To sweeten the loss of business tax base, DeGrow proposes restoring categorical aid of \$72 million over two years.

Suburban leaders opposed it. "Totally unfair. Blackmail," said Sen. Jack Faxon, D-Farmington Hills. "You're putting people between a rock and a hard place."

Said Troy Superintendent David Spencer: "I never look at it (school funding change) from a positive point of view. I ask myself, 'How can Troy be hurt the least?'"

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