

OBSERVATION POINT

Property Tax Increases Cause Screams In Suburbs



By Philip M. Power, Publisher

In our editorial staff meeting this morning, we were talking about what hot stories were coming up for this week. "I'll be over at the board of Review meeting in Plymouth," said Fred. "There'll be a whole lot of people there, mad as hops about their taxes." He's right. And it isn't confined to Plymouth alone. March is tax month, and throughout the suburbs homeowners are getting socked with tax increases on their homes. This process always raises howls of rage, but this year it seems to be worse than before. Plymouth Township had a general reassessment this past year, and some taxes have gone up as much as 50%. A man in Franklin Village, in Southfield Township, saw the assessed value of his house skyrocket by \$27,700 in just one year. In Livonia, people are regularly finding that the value of their homes is increasing from 10% to 25% in a year.

THE HISTORY of this problem goes back to 1962, when our state's wise men at the Constitutional Convention tried to do something about the worry that property taxes supporting local government and schools were not rising proportionately with inflation. So the 1963 Constitution decreed that the value of land and houses on which taxes were levied would be 50% of actual market value. This enabled local governments to reassess property when its market value increased, and thereby keep tax revenues up with inflation. At least that was the theory. But two things happened to wreck the elegant model and bring suburban taxpayers screaming to board of review meetings: Inflation didn't slow down, but accelerated instead; Costs of building, already high, zoomed following a series of expensive settlements with local building trades unions. THIS MEANT that a homeowner, having bought a house assuming that his taxes would be roughly stable for a while, found taxes increasing rapidly with the market value of his home. Take the case of a man who buys a house for, say, \$30,000. His taxes would be around \$800 per year. He plans on that, and sets his family budget around the \$800 tax bill in March. But then a couple of years pass. Inflation continues. Building costs go up. And his house is reassessed at \$40,000. If millage levels remained constant, this reassessment would mean that the man's tax bill would jump to over \$1,000. Some families may be able to take a \$200 jump in the budget without warning, but I don't know of too many. Particularly right now, with times tough and little economic light on the horizon. No wonder people are going to board of review meetings in a nasty frame of mind. THERE ARE two villains in this piece. The first is the whole assessment process. Always a tricky matter at best, assessment standards have been pretty sloppy in the past, especially in suburban communities which are just in the process of firming up their local government practices. People with a lot of undeveloped land have been under assessed, and the guy who buys a new home gets socked with a fat tax bill. Slowly, suburbs are eliminating this practice, and that's why some assessments have jumped so much this year. But there is still a long way to go, and the bill to establish statewide uniform assessment practices and standards still has gone nowhere in the legislature. The other problem is the whole notion of the property tax as the proper way to finance local government. Property taxes are an outdated notion, going back to the days when a man's land and buildings were the only gauge of his ability to pay. Such taxes rest on the idea that assessments can be fair, which is not always so. And they are so complicated that they give the impression that hanky-panky is going on, even when it isn't. The way you figure out someone's ability to pay is by measuring his income, which can be done fairly and accurately. And the right way to tax that is by junking the property tax and getting an income tax. But I guess that solution is too simple for Our Leaders to accept.



Leonard Poger writes

Time To Kill A 'Sacred Cow'

Now that a Republican president has called for a new "American Revolution" and "power to the people," it is time to take another look at a sacred cow in local politics which no longer serves its purpose. That untouchable is the public hearing required by local, state, and federal laws before governmental agencies can proceed with various public improvements. IN THAT community, four of five city councilmen told a large crowd opposing an urban renewal program that they would favor the renewal of the city's downtown district. After watching what seems like hundreds of public hearings on various issues over the years, this writer also feels that the public must share part of the blame for the ineffectiveness of public hearings. A striking example are hearings held for proposing rezoning of land or road paving programs. Most of those at the hearing are opposed to the proposal. Darn few comments are heard in favor of a project. The city officials holding the hearing know this and at times even comment publicly that while the opposition is heard, those in favor of a proposal usually stay away from the hearings. ONE PLANNING commissioner in Westland told a crowd of people opposed to an apartment rezoning issue several years ago that the volume of verbal opposition to the project would have little effect on his decision. There were about 50 persons at the hearing to oppose the rezoning "but what about the other 86,000 people in the community?" the commissioner asked. If they didn't come to the hearing to oppose the rezoning, then it must be assumed that they either favor the rezoning or have no feelings about it. ANOTHER glaring example is hearings held for city and school district budgets. The reaction from the public ranges from complete absence or physical presence without any serious questioning. A problem at school budget hearings is that most of the budget, up to 80-85%, is tied up in salaries of personnel and there is little else to question. But the time has come to reevaluate the purpose of public hearings and determine if they serve any useful purpose considering the political realities of life. If such hearings were abolished or restructured, this writer would be happier.

Tim Richard writes

Gribbs Deserves Word Of Thanks

It is customary for us in the outer reaches of metropolises to cuss the old, crime-ridden, decaying City of Detroit. Indeed, it's common for housewives to refer to anything east of Telegraph Rd. and south of Eight Mile as the "inner city." Yet we all owe at least a gesture of thanks to the Hon. Roman S. Gribbs, mayor of the "inner city" for a statesmanlike action - and maybe two gestures, because Mayor Gribbs is head of a city in financial trouble. IT SEEMS the City of Detroit owns 865 acres of mostly wooded, lovely land in Northville Township that used to be used as a tuberculosis sanitarium. It's not used for that any longer, the buildings are deteriorating, and so he wants to peddle the site. It could go for private development, and Detroit could make a nice bundle of money on the sale. Instead, Mayor Gribbs extended the sale deadline from March 1 to June 30 so that the state Dept. of Natural Resources could have a chance to bid on it. He also let it be known that Detroit would accept a lower price if another governmental agency were the bidder. Usually, when a property owner finds out someone wants this land for a park, the price goes up. In Gribbs' case, we see, not magnanimity, then at least restraint. You don't see much of that in the Now Generation. Let us now hope that the state DNR can pull together enough cash to make an adequate bid of \$2 million to \$3 million. Wayne County has a nice parkway along the Middle Rouge River. But our suburbs generally are weak and slow in setting aside big tracts of land for woody-s-y parks. Everyone is eager for that clean industrial plant and those expensive colonial houses that provide such a nice tax base. Thus, for most Overland residents, getting to a good-sized state park means at least a half-hour drive. Now we have a chance to get one in our back yard. Granted, the site doesn't have a lake or stream, but that's not fatal. Ever been to Warren Woods State Park? No pond there, but you don't miss it. Good park land is going fast. We need a Maybury State Park.

Howard Wrong In Criticism

Harry Howard, as chairman of a committee on school administrators, has made both constructive criticism and irresponsible potshots in discussing Gov. Milliken's state school aid budget. Howard, known in Overland as superintendent of Wayne Community School District, pointed out that Milliken's budget held such a tight line on state aid for the fiscal year beginning next July 1 that local school districts would have to raise property taxes. This, Howard correctly said, was a step backward in our state's financing of education. The property tax is not only regressive, but it's just plain out-of-date in an economy dominated by industry and service trades. BUT HOWARD was quite wrong on another point. He accused the governor of violating his own economic policy in suggesting that school district raise property taxes. Milliken's state policy has been "no tax increase in 1971," on the ground that the economy is too shaky to assume an additional tax burden this calendar year. A property tax increase, however, wouldn't be legally due until Dec. 1, 1971, when the year is nearly over. Moreover, the property owner could defer payment until as late as February of 1972. Thus, Supt. Howard is 11/12ths wrong in criticizing the governor on this point. And when you're 11/12ths wrong, as any student in any school district will tell you, you flunk. Query: Is the state of things really so bad that a normally responsible superintendent of schools must ignore the rules of truth and fairness and deliberately mislead the public in his fight for more money? - TIM RICHARD

Editorial & Opinion OBSERVER NEWSPAPERS, INC. Philip M. Power, Publisher. The Livonia Observer - The Redford Observer - The Westland Observer - The Garden City Observer - The Plymouth Mail & Observer - The Southfield News & Observer - The Farmington Enterprise & Observer. Published by Observer Newspapers, Inc. 36251 Schoolcraft, Livonia, Mich. 48150. Serving the communities of: Livonia, Plymouth, Plymouth Township, Canton Township, Farmington Township, Redford Township, Garden City, Westland, Southfield, Lathrup Village, Franklin, Bingham Farms, Village of Beverly Hills.

A Guest Editorial FDIC Praised For Job Well Done

(From the Jackson Citizen-Patriot) Richard Whitmer, state commerce director, was eloquent in his praise of state and federal officials in solving what he termed "Michigan's most serious bank crisis in recent years." Depositors in the Birmingham-Bloomfield bank, as well as anyone who realizes the personal and economic impact of a bank closing its doors, unquestionably will concur in Whitmer's remarks. He singled out for special praise Robert Briggs, state financial institutions director, and officials of Federal Deposit Insurance Corp., for working almost around the clock from Thursday through Sunday to establish a new bank to assume the deposit liabilities of the closed bank. He included a tribute to the Rose family for investing the funds to start the new bank. Even to anyone not familiar with the mysteries and the problems of financial institutions, the effort of Briggs, and Chairman Frank Wille of the

FDIC seemed to be an ideal application of the powers of regulatory agencies. The public often gets the impression that the role of such officials is merely to blow the whistle when a financial institution's affairs get out of hand. It has been that in some cases in the past. Using his vast knowledge of financial affairs and his influence for the primary benefit of people is exactly the sort of thing they would expect from Bob Briggs.