

Engler poses local tax cut/school cut dilemma

By TIM RICHARD
STAFF WRITER

Suburban school districts, expecting to be stung by Gov. John Engler's 20 percent property tax plan, have two new big guns in the House of Representatives.

Rep. Lyn Bankes, R-Livonia, and Jan Dolan, R-Farmington Hills, will join Lansing's budget writing inner circle: the House Appropriations Committee. Both are from out-of-formula districts considered too wealthy for state aid but facing stiff revenue losses under Engler's tax cut plan.

"The State of the State message is just the governor's wishes, not reality," said Bankes, a fifth term member.

Both Dolan and Bankes also represent Clarenceville, also out-of-formula.

On "Approps," as it's called in the Capitol, they will join Rep. Shirley Johnson, R-Royal Oak, who also lives in an out-of-formula district and represents part of Troy, also out-of-formula.

Ousted as chair of Approps was Upper Peninsula champion Dominic Jacobetti, D-Negaunee. New Democratic co-chair will be Richard Young, a Dearborn Heights resident whose district includes out-of-formula South Redford. Republican co-chair will be Donald Gilmer, R-Augusta, in eastern Kalamazoo County.

"The money is not in the state budget to reimburse local districts," said Dolan. "People have to realize a property tax cut is local money."

Engler: no problem

Engler Tuesday proposed cutting the tax base (assessments) by 20 percent over three years, but with no state reimbursement for lost revenue. "In formula" districts (which get state aid) could have the lost revenue replaced by the aid formula, but most Oakland and western Wayne districts are out-of-formula and would be out of luck.

Engler sees no problem. "I recognize that there are those who say schools cannot get better without more money, and that current inequities in funding make it impossible to improve outcomes. I disagree," he told the Legislature. Engler, starting his third year as governor, said his budget message, due next month, will "reduce those inequities."

That is when Bankes, Dolan and Johnson will get to use their powers of bargaining and persuasion on Approps.

Local legislators react

Sen. Jack Faxon, D-Farmington Hills, said Engler is "biting the hand that feeds him" by taking revenue away from suburban districts that are predominantly Republican. "It would cause us a 20 percent increase in (voted property) taxes (to replace lost revenue). He's making the (high tax) situation worse. He's doing himself enormous political damage."

"We're gonna have problems with that, obviously," said second term Rep. John Jamian, R-Bloomfield Township. "We've gotta do it (cut taxes) without Birmingham and Bloomfield taking a big hit. Cutting taxes was

my big reason for coming up here."

"That was Phase I," said Sen. Mat Dumekies, R-Lake Orion, whose district includes Rochester. "Phase II is maybe one cent on the sales tax."

"A straight arm on the property tax would be devastating," said Sen. Michael Bouchard, R-Birmingham. "Other districts are up against the millage cap," he said, referring to the state constitution's 60-mill limit on property

taxes. "That would be devastating, too."

Bouchard, meanwhile, is getting a plan assignment — a seat on the Taxing Finance Committee. He moved into that opening when Nick Smith, R-Addison, was elected to Congress.

"I'm very concerned this property tax relief will erode tax base from our schools," said Rep. Barbara Dobb, R-Union Lake, whose district includes West Bloomfield. "However, I have to get my

people property tax relief."

Dobb, though in her second term, will move up the ladder to be vice chair of the House Taxation Committee.

First-year cuts

Rick Simonson, lobbyist for Oakland Intermediate School District, said local districts would lose \$71 million in revenue under the first year of Engler's plan. If assessments were cut from 60

to 45 percent of market value, and if allowance were made for consumer price inflation, here, according to Simonson, are the losses for area districts:

- Avondale \$1.3 million.
- Birmingham \$5 million.
- Bloomfield Hills \$3.9 million.
- Farmington Hills \$5.9 million.
- Rochester \$4.9 million.
- Southfield \$5.6 million.
- Troy \$5.7 million.
- Walled Lake \$4.7 million.
- West Bloomfield \$2.5 million.

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