

Compromise to have softened hit to schools

BY TIM RICHARD
STAFF WRITER

The state Senate passed a bill to cut school property taxes 20 percent after Sen. David Honigman was unable to strike a deal softening the blow for schools.

Honigman, R-West Bloomfield, floated a compromise plan which would have raised the property tax cut to 30 percent if voters replaced the lost school revenue by adding a penny to the sales tax.

"If I went too far one way, I couldn't get enough Republicans. If I went too far the other, no Democrats would back it," said Honigman after Wednesday's vote.

Instead the state Senate last week passed Gov. John Engler's proposed 20 percent cut in school operating property taxes over three years. The bill contains an amendment promising to replace the lost revenue (\$1.3 billion by the third year), but it contains no firm funding source.

Nineteen Republicans voted yes. All 16 Democrats, joined by Republican Fred Dillingham of Fowlerville, voted no. Dillingham predicted the bill would fail in the House of Representatives. "You're creating further gridlock down the road," he warned his party.

Looks OK to some

But the amendment made Senate Bill (SB 146) look good to Sen. Robert Geake, R-Northville, whose home base has five out of

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formula school districts that would be hard hit by a property tax cut.

"Once the amendment was added, I voted for the bill," he told 75 constituents who had written or called to protest it. Geake said the protests appeared to have been orchestrated by Livonia school officials, who said they stood to lose one-fourth of their \$100 million budget.

The promise also looked good to Michael Bouchard, R-Bloomfield Hills, who faced heavy attacks from his out of formula schools for providing the swing vote in the Senate Finance Committee. "It reimburses schools and protects education," said Bouchard. "Our property taxes are far too high."

But it looked bad to Jack Faxon, D-Farmington Hills, whose home school district would lose as much as Livonia. "We are promising some relief at the expense of many school districts," said Faxon. "I don't think it's realistic to expect the teachers to negotiate 20 percent reductions in pay or expect Consumers Power to negotiate a 20 percent reduction in utilities."

In formula districts (the 70 percent receiving state aid) would have much of the lost school taxes repaid by the state aid formula. But out of formula districts would take a straight loss.

No vote on deal

Honigman's failed deal called for

Passing Engler's 20 percent cut in school operating taxes (achieved by paring assessments from 50 to 40 percent of market value over three years).

Placing a sales tax hike on the August ballot. If voters raised the tax from four cents to five, the money would be used to reimburse schools' lost revenue at \$545 per pupil. Out-of-formula districts would be guaranteed state payment of the retirement costs and no cuts in their "categorical" aid (for buses and special education). Moreover, taxpayers would get a 30 percent cut in school property taxes, instead of the 20 percent offered by Engler.

If voters were to say no, the 20 percent cut, with no reimbursement, would take effect. "It never got voted on," said Honigman, whose western Oakland district includes homes with soaring assessments and out of formula schools.

"The Democrats wouldn't go with it," he said. "The Democrats wanted the sales tax in place before the property tax cut."

Democrat Faxon agreed. "We said it (sales tax) had to be in place before the property tax cut. We offered three senators to negotiate."

After the deal collapsed, Honig-

man, joined by Bouchard and Met Dunaskis, R-Lake Orion, won support for the amendment by which the state promised to replace lost revenue.

"That promise was worthless, in Faxon's view. 'If the money's not there, you can't do it. You can't force the Legislature to appropriate money. It's like having a bank account with no money,' Faxon said.

Narrowly drawn

SB 146 is narrowly drawn to apply only to K-12 school taxes, not city, township, county, community college or metropolitan taxes.

A clarifying amendment said the cut doesn't apply to school taxes that fund a public library or community college.

Senate Republicans pushed the bill through in a single day, bypassing the normal procedure of discussing it on "general orders" one day and passing it the second.

Faxon protested: "To put this bill on a fast track serves no one." Dillingham said his GOP caucus used speed "to meet a political end, not a policy end."

Sen. Virgil Smith, D-Detroit, complained Republicans "rammed it through."

Senate Republicans said they pushed the bill so that the House could take it up in February,

when Republican Willis Bullard of Millford chairs the Taxation Committee. In March the committee will be chaired by Democrat Lynn Jondahl of Okemos, who is unlikely to take it up.

Engler pleased

Gov. Engler applauded Senate action on his plan. "This plan will cut taxes, create jobs and keep Michigan's economy moving in the fast lane," he said.

Engler argues that a net tax cut - not a shift - is needed to make Michigan's business climate competitive with neighboring states.

Senate majority leader Dick Posthumus, R-Alto, said that because of high taxes, "Senior citizens are being forced from their homes, young families cannot afford to buy homes, and businesses are leaving the state in search of lower taxes."

A Democratic gubernatorial hopeful, Sen. Debbie Stabenow of Lansing, said Republicans should have learned a lesson last November when 60 percent of Michigan voters rejected Engler's Proposal C (Cut & Cap) because it "devastates schools."

Sen. Gil DiNello, R-Macomb County, blamed the defeat of C on the teachers' union. "The MEA are damn good liars. The MEA lied to the people. They ought to go to jail for what they did to the people of the state."

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