

Realtors object to house sales tax

BY RALPH R. ECUTINAW
STAFF WRITER

Area Realtors are upset because Gov. John Engler wants to put a 4 percent tax on the sale of property.

Engler is proposing the controversial tax as part of a package of new taxes designed to pay for the operation of government schools in Michigan.

The tax would raise an estimated \$479 million of the \$6 billion in new state taxes Engler seeks to replace the abolished school property tax.

As the governor proposed it, home sellers could choose between (1) a 4-percent real estate transfer tax when they sell their homes, or (2) a 16-mill tax for three years.

Bowen Brock, president of both Max Brock Realty and the Michigan Association of Realtors, argues that the transfer tax is unfair because it's based on the selling price of a given house, not the owner's equity when the house is sold. With that in mind, Brock said, a person who has \$20,000 equity in a \$100,000 house would pay a tax equal to 20 percent of his equity.

"That's the number that really hits home,"

Brock also questions Engler's

estimate on how much money the tax would raise, calling the governor's number "a wild guess." A state income tax increase would be preferable to the transfer tax, Brock said. A hike of 0.6 percent would raise about \$600 million. And the state income tax is still deductible from federal income tax.

Realtors up and down the state, Brock said, are busy lobbying customers to call their state representatives and senators to complain about the transfer tax.

"I think we've got the blitz on," he said.

However, state Rep. Lynn Banke, R-Redford Township, and Greg Kaza, R-Rochester Hills, report few calls on the subject.

Kaza said the mailman brought him 30-40 form letters from Realtors opposed to the tax. Banke reports one call from Livonia city Councilman Ron Koenig, who is a Realtor opposed to the tax.

Kaza doesn't "have a position yet" on Engler's plan, but . . . "If I was to vote right now I would not vote that bill out of committee."

Banke calls the transfer tax "the one I want to go away" and says the final tax package will

likely include a watered-down version of the transfer tax or none at all.

"I'm not going to vote automatically with the governor's plan just because it's the governor's plan," she said.

State Sen. Dave Honigman, R-West Bloomfield, agrees with Banke that the transfer tax probably won't survive. "It's not a good tax," he said. "It's very regressive."

Robert Kleiman, a professor of finance and real estate at Oakland University, said the net effect of a 4-percent transfer tax is hard to figure. One potential re-

sult, he said, is that sellers would boost the price of their houses to make up for paying the tax, effectively passing the tax on to buyers.

"I would guess the majority of the tax would be passed on to the purchaser," Kleiman said.

The professor believes an income-tax increase would be fairer to all concerned and a more reliable source of revenue for state government, but he admires Engler for keeping his promise not to raise income taxes.

"It's refreshing to see a politician who keeps his word," Kleiman said.

Claire Raynes of Farmington Hills sold after the forum that there would be less crime if more people learned to read and write.

Her husband, Jim Mills, said he found Barden "truly impressive". He complained that the other panelists "couldn't stay on the subject".

"Detroit's problem is lack of competent individuals", he said, adding that Barden gave good answers. "The rest are just politicians".

Merrill Miller of Farmington Hills said he grew up in Detroit and the perception of fear is what the panelists were talking about.

But that may take some effort. Southfield's Cook explained, "People come hoping for more specific and concrete maps to be drawn to show how changes can be made. We have to all work together to design them."

Forum from page 9A

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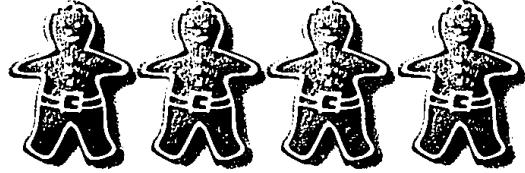
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