

Readers' questions answered on school finance

By **TIM RICHARD**
STAFF WRITER

Answers to readers' questions about the latest public school finance plan by the House bipartisan team:

Q. Would home sales still be taxed?

A. Yes. For years the tax has been \$1.10 per \$1,000 of value. The tax got attention when, on Oct. 5, Gov. John Engler proposed to raise it to \$40. The House team of 14 proposes to raise it by \$10 to \$11.10.

Q. As a parent, I'm concerned about restoring funding per-pupil. How much will the property tax change in my district?

A. Under the House team plan, all 582 school districts would be able to levy 16 mills on home-estate property or face a cutoff of state aid.

The caller lives in one of 35 relatively wealthy districts that would have to levy additional millage to restore current funding. Most are in southern Oakland County or on Great Lakes shorelines. Their funding wouldn't be fully restored unless voters agreed to the additional millages. Here are the dates:

■ In the Observer & Eccentric area of Oakland County:

■ Avondale — now levies 32.35 mills, would be cut to 16 mills, would be allowed to seek 0.81 voted for a total of 16.51 — a net property tax cut of 15.54 mills.
 ■ Birmingham — now levies 27.75 mills, would be cut to 16,

would be allowed to seek voter approval for 9.02 for a total of 25.02 — a net cut of 2.73 mills.

■ Bloomfield Hills — now levies 24.40, would be cut to 16, would be allowed to seek 5.39 for a total of 21.03 — a net cut of 2.47.

■ Farmington — now levies 32.77, would be cut to 16, would be allowed to seek 9.1 for a total of 25.1 — a net cut of 7.67.

■ Southfield — now levies 34.5, would be cut to 16, would be allowed to seek 8.7 for a total of 27.13 — a net cut of 7.37 mills. Southfield's voted rate would be highest in the state.

■ Troy — now levies 31.06, would be cut to 16, would be allowed to seek 10.19.

■ West Bloomfield — now levies 33.51, would be cut to 16, would be allowed to seek 4.58 for a total of 20.69 — a net cut of 12.93.

■ Novi — now levies 23.43, would be allowed to seek 10.19 for a total of 33.11 for a total of 19.11 — a net cut of 10.32.

In western Wayne County, only Northville would be allowed to levy extra millage. Northville now levies 20.49, would be cut to 16, would be allowed to seek 0.19 for a total of 16.19 — a net cut of 13.3.

Q. Why do renters receive a \$40 million income tax break under this plan?

A. House Taxation Committee co-chair Willis Bullard Jr., R-Birmingham, replied:

Nobody believes landlords will

reduce rent when their property taxes are cut. Under the home-estate credit portion of the income tax, 17 percent of rent is deemed to be the renters' share of property tax.

The cut is designed to give renters a break and is expected to induce renters to support whatever constitutional amendment might be placed on the ballot.

At this writing, the bill containing the renter benefit had not been drafted.

Q. Is the homestead credit left intact?

A. Yes, but it will be reduced because property taxes will be reduced. Rep. Lyn Bankos, R-Rochester, said the cost of rebates to the state will plummet from the current \$500 million to \$80 million.

The homestead credit — also the "circuit breaker" — is a state income tax rebate you get when your homestead property taxes exceed 3.5 percent of income. For senior citizens, the rebate is 100 percent of the excess; for others, 60 percent.

Q. Will pensions of retired

governmental workers be taxed?

A. Not under this proposal, said Bullard. Engler's proposal would have required a tax after Jan. 1, 1994, but "we can't get it out of committee. Democrats won't give it a single vote."

He added: "My pension, the

governor's pension and teachers' pensions are not taxed. It's not fair."

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