



## Michigan ROUNDUP

....The Michigan legislature's 84th session opened Wednesday with the swearing in of legislators. The referendum on Medicaid abortion funding was the only major issue that received attention this week. The bipartisan committee appointed to work out the language, date, and other details of the referendum met Thursday, but little progress was reported. No date was set for a second meeting. If no action is taken by February 14, state Medicaid payments to physicians, hospitals, HMOs, and pharmacies will halt on March 15. (In a separate action, Right to Life of Michigan is taking steps to initiate a petition drive for legislation to prohibit Medicaid-funded abortions.) Other major issues to be debated this session include:

....Income Tax Rollback: This prospect is chiefly the result of a windfall the state will receive due to federal tax reform--about \$150 million in 1987. Governor Blanchard favors a 4.4% rate; Republicans may want it reduced to 4.0%.

....Budget: Another lean budget is expected from Governor Blanchard this year, with small or no increases for most state departments. Spending on prisons and education will receive larger increases.

....Workers' Compensation: The current definition of disability expires on May 15, 1987. Debate will focus on the need for a new definition more in line with that of other states.

....Property Tax Reform: Last session, the governor proposed financing an increase in the homestead property tax credit partly through increased taxes on banks, insurance companies, and other businesses. Although some adjustment may be enacted this session, significant property tax reform is unlikely.

....The legislature's 16-member Black Caucus elected Representative Alma Stallworth to succeed Representative Charlie Harrison as chairperson.

....Governor Blanchard is expected to send his budget message to the legislature on January 26. He is scheduled to give his State of the State address on February 4 at 7:30 p.m.

....House Speaker Owen's only committee assignments to date returned Representative Jacobetti as chair of the Appropriations Committee and Representative Jondahl as chair of the Committee on Taxation. The Senate has not yet made any committee assignments.

....A national study released by Citizens for Tax Justice compares the tax burdens, measured as a percentage of income, on the poor, the middle class, and the rich. In Michigan, the poor pay an average of 13.2% of their income in state, sales, and property taxes, compared to the national average of 6.9%; the middle class pays an average of 12.5%, compared to 6.8% nationally; and the rich pay an average of 9.6%, compared to the 5.1% national average. Poor families in Michigan earned an average of \$7,255 in 1985, compared to \$27,198 for the middle class and \$480,713 for the rich.