



## Michigan ROUNDUP

### Legislative Week in Review

- The House approved and sent to the Senate a package of bills that would provide \$344 million in **property tax relief** and increase revenue sharing payments to locals by \$56 million. The plan would limit property assessment increases for school operating purposes to the rate of inflation and increase the maximum homestead property tax credit. To pay for the plan, House democrats want to use \$400 million from a single business tax deduction that a Michigan court ordered repealed in 1989. Business groups and Republicans, while supporting other proposals for property tax relief, believe the \$400 million should be used to reduce businesses' tax burden and that failure to do so amounts to a tax increase. They propose finding other sources of revenue to pay for property tax relief. The Senate is expected to ignore the House plan and focus instead on one proposed last week by gubernatorial candidate and Senate Majority Leader John Engler (R-Mt. Pleasant). Engler's proposal would cut property taxes by 20 percent over three years and exempt payment from citizens over age 65. His plan would cost about \$1 billion, to be paid by cutting the state budget, other than for K-12 education, and by earmarking future state revenue increases for schools.
- Wayne County Circuit Court Judge Marvin Stempien has given the legislature a March 27 deadline for deciding whether the City of Detroit can keep \$100 million in **Detroit utility tax** revenue and continue to collect the tax in the future. If no decision is reached, the city will be forced to refund the tax revenues, resulting in the layoff of 1,000 police officers. A House-passed bill to allow continuation of the tax is unlikely to receive Senate approval in its present form. A Senate committee is considering linking the restoration of the levy to a phase out of Michigan's inheritance tax. A possible tie-bar to a Senate property tax relief plan appears less likely in view of Senate Majority Leader John Engler's statement to the *Detroit News* that "the linkage isn't absolute."
- The Senate passed an **education quality** bill that would require school boards to report annually on student achievement test scores and accreditation status. School districts also would be urged to develop long-range improvement plans, institute a core curriculum, and establish accreditation programs. Meanwhile, the House voted against a bill that would give parents the right to choose which school within their district they wish their children to attend.

### Political News

- **Detroit Police Department** funds are once again the subject of legal action: Wayne County Prosecutor John O'Hair has sued the city to force an accounting of the police department's \$12 million drug forfeiture fund. "I am not initiating a criminal investigation. All I want is full disclosure," O'Hair told the *Detroit Free Press*. The department is under fire on other fronts: The City Council has voted to subpoena the police chief and his executive deputy for questions about the department's jet aircraft, and the department's secret service fund is being probed by a federal grand jury.
- Six-term State Representative Lad Stacey stated this week that he will not seek another term. In announcing his decision to retire from the 44th District seat, the 63-year-old Berrien Springs Republican suggested limiting terms of office for both state and federal lawmakers.
- Right to Life of Michigan has begun planning a petition drive to gain citizen support for a measure vetoed last week by Governor Blanchard which required **parental consent** for teenage abortions. The controversial legislation lacks adequate votes in the Michigan House to override the veto, so Right to Life is concentrating its attention on gaining the 192,000 signatures necessary to bring the proposal back before the legislature. That body must act within 40 days on an initiative petition, which once passed is immune to veto.
- State officials have pledged to contest a U.S. Department of Education ruling that could reduce **federal aid to students** whose parents enroll in the Michigan Education Trust (MET) program. Governor Blanchard called "foolish" a ruling that MET assets belong to the student, not the parent. Assets in students' names are more apt to disqualify them from some financial aid sources than if the same college savings are held in their parents' names.
- Gov. Blanchard has agreed to two debates with his Republican challenger in this year's campaign. Senate Majority Leader John Engler, Blanchard's likely opponent after the primaries, has sponsored legislation requiring debates by candidates accepting public campaign funds; the measure has passed the Senate and is pending in the House.
- Analysis by Public Sector Consultants in its recently released **Michigan Revenue Report** suggests that revenue estimates for FY 1990-91 by the Department of Management and Budget (DMB) are about \$50 million too high. "A mild recession this year would not be a surprise," the report states, resulting in a loss of revenue growth of about 2 percent below current DMB estimates.