



Michigan ROUNDUP

Legislative Week in Review

- News of fiscal downsizing continued to dominate the capitol this week with the Thursday unveiling of the Engler administration's **1991-92 state budget**. While the document portrays an overall increase of 4.4 percent, when \$525 million in property tax relief is subtracted from the \$8.056 billion spending plan, the proposal represents a 2.4 percent net reduction in the base assumed for the current fiscal year. Recommended cuts in some departments, such as Commerce and Licensing and Regulation, reach 50 percent.
- Meanwhile, the **1990-91 budget**—still some \$800 million in deficit, according to executive branch estimates—remains caught in a hard-line partisan stalemate over cuts to Department of Social Services programs. Negotiations between House Democrats and the executive branch and Senate Republicans ground to a halt in midweek and are not expected to resume for several days. A capitol rally this week protested the 22 percent cuts effective this month in state foster care and adoption payments.
- It was also a boom week for **tax relief proposals**, with at least four major plans competing for attention. (1) Governor Engler's phased-in, three-year 20 percent property tax reduction plan was reported out of the Senate Finance Committee this week. (2) House Democrats voted their relief plan out of the Taxation Committee this week, stating that their reductions will be partially funded by closing loopholes in the state's Single Business Tax. (3) A state elections panel Monday gave tax-cutting gadfly Richard Headlee a 30-day extension to prove the validity of contested signatures on his initiative petition for a 20 percent tax cut. Election division certification of adequate signatures is now considered a long shot; if it occurs, the legislature would have 40 days either to approve the measure or put it before the voters in 1992. (4) State representatives Glenn Oxender (R-Sturgis) and Michael Nye (R-Litchfield) have drafted a proposal that would eliminate property taxes, hike the Single Business Tax, and nearly double the state income tax. Rep. Kirk Profit (D-Ypsilanti) has offered an alternative version that replaces most property taxes with a higher sales tax and state income tax.
- State Treasurer Doug Roberts gave the Senate this week a plan for an **investment tax credit** to offset the effect of a recent appeals court ruling that could cost the state \$500 million annually. Roberts said the credit would replace the controversial capital acquisition deduction (the applicability of which was greatly expanded in the court's February 1991 opinion) in the state's Single Business Tax. Democrats want to eliminate any such deduction or credit, thereby earning the state an estimated additional \$500 million which they would use to fund property tax cuts.
- For the second year in a row, the Senate has passed a bill eliminating **officeholder expense funds**. Voting 27-3 to eliminate the controversial pools of donated funds by January 1, 1992, the Senate sent the measure to the House, where a similar bill died last session.

Political News

- Detroit's image took another body blow this week as the city's **public housing** was decried by a federal inspector as perhaps the worst in the nation. The U.S. Department of Housing and Urban Development administrator told the *Detroit Free Press* that the city's federal housing subsidy could be at risk unless major improvements are made in the next six months.
- Former Governor James Blanchard announced this week that he will be dividing his time between homes in Bloomfield Hills and Arlington, Virginia, reflecting the **new positions** he has accepted with two law firms. In Michigan, Blanchard has joined the firm of Jaffe, Snider, Raitt and Huer, where he will work with longtime ally and former state Democratic Party Chairman Tom Lewand. Blanchard, whose law degree is from the University of Minnesota, also will become a partner in the Washington, D.C., firm of Verner, Liipfert, Bernhard, McPherson, and Hand, which specializes in international trade issues. Also this week, Blanchard was named to the Board of Directors of the Center for the Great Lakes, a joint U.S.-Canadian policy research organization.
- Former vice-presidential candidate U.S. Senator Lloyd Bentsen will visit Detroit next month as the Michigan Democratic Party's **Jefferson-Jackson Dinner speaker**. The traditional fundraising event will be held April 6 at the Westin Hotel.
- Monday was a forced **leave-without-pay day** for State House employees, under a budget-cutting plan announced late last year by Speaker Lewis Dodak (D-Birch Run). Dodak recently stated that the original plan for fifteen such payless days in the current fiscal year has been scaled back to five. Dodak told the *Lansing State Journal* that he elected to reduce the furlough schedule rather than reinstate postage or travel allowances for House members.
- Former Michigan **lottery director** Michael Carr, who was not reappointed after the recent change in state administration, was named this week as chief of Louisiana's lottery.
- Despite the 16-month investigation into his own fundraising conduct, U.S. Senator Donald Riegle predicts that **campaign finance reform** is still far from imminent. Speaking in Lansing, Riegle said that the chances of serious campaign reform by 1992 are less than one in three.