



Public Sector Reports

Michigan ROUNDUP

Legislative Week in Review

....Senate Republicans have rejoined informal **talks on school finance reform** with Senate Democrats, House Republicans and Democrats, and the governor's staff but are refusing to accept a proposed plan agreed to by the others. The plan would increase the state sales tax by one percent, reduce residential property taxes by 6 percent and business property taxes by 8 percent, impose property taxes on mobile homes and the income tax on military pay and lottery winnings, and lower the income cap on homestead property tax exemptions. Schools would receive revenue from the sales tax increase and the new taxes, districts would be guaranteed a minimum amount per student, and the school aid formula would be adjusted to lessen funding inequities among school districts. Senate Republicans also said that they would no longer participate in the Joint Committee on School Finance Reform, which did not meet this week.

....Doug Roberts, deputy superintendent for public instruction, presented a school finance **proposal endorsed by several education lobbying groups** at a meeting of an ad hoc House committee on property tax/school finance reform chaired by Rep. Lynn Jondahl (D-East Lansing). The proposal calls for increasing the sales tax by two cents, removing utilities from sales taxation, and dedicating half the resulting \$1.23 billion in revenue to school funding and half to property tax relief. School property taxes would be reduced by \$715 million, which also would save the state \$150 million on property tax credits against the income tax. Senior citizens would receive a total of \$50 million in low-income credits. The proposal also would require adoption of measures to improve educational quality, including core curricula, early childhood education programs, and increased numbers of K-6 teachers.

Political News

....**Rep. Richard Gephardt** (D-Missouri) campaigned in Lansing Thursday amid speculation that failure to finish at least a strong second in Michigan's Democratic caucuses on March 26 will end his bid for the party's presidential nomination. Gephardt's strategists have advised him to concentrate on Michigan because his proposal for trade sanctions against nations that discriminate against U.S. products could help him win this state's blue-collar vote. Attorney General Frank Kelley, Gephardt's Michigan campaign chair, says his candidate also will do well with the unemployed, farmers, and owners of small businesses. After Tuesday's primaries, Gephardt had 144 delegates to 457 for Massachusetts Gov. Michael Dukakis, 398 for Rev. Jesse Jackson, 354 for Tennessee Sen. Albert Gore, Jr., and 35 for Illinois Sen. Paul Simon. The Michigan Democratic caucuses will elect 150 delegates. A candidate needs 2,082 delegates to win the Democratic nomination.

....**State Rep. Michael Hayes** (R-Midland) has announced that he will not seek reelection. First elected in 1980, Hayes is a member of the House Appropriations Committee and an expert on school finance, the environment, and criminal justice. He is considering job offers from several private firms.

....State Elections Director Christopher Thomas has proposed increasing limits on **campaign contributions**. Current law caps contributions to individuals and political action committees at \$250 per election for state House candidates, \$450 for state Senate candidates, and \$1,700 for the statewide offices of governor, lieutenant governor, secretary of state, attorney general, and supreme court justices. Thomas proposes increases to \$350, \$600, and \$2,150, respectively, with adjustments for inflation every four years.