



Michigan ROUNDUP

Legislative Week in Review

....The House likely will begin debate next week on a Senate resolution to put a K-12 **school finance reform** proposal on the ballot. The resolution proposes to increase the state sales tax rate from 4 percent to 6 percent, earmark 12 percent of the state budget for K-12 education, and reduce assessments on which school operating millage can be levied from 50 percent to 25 percent of full value for residential and agricultural property and from 50 percent to 35 percent for commercial property. Approximately two-thirds of the sales tax increase would be used for property tax relief; the remaining one-third would be used to finance K-12 education. Voter approval would be required, perhaps at the August primary, if the governor and others prevail. The House is expected to amend the resolution since the governor objects to the earmarking provision, and there is no provision to raise revenue by closing tax loopholes if the ballot proposal fails.

....A 1986 law that created the **Michigan Education Trust** to help parents finance their child's college tuition now can be implemented. The Internal Revenue Service has ruled that participants will not have to pay taxes on income earned by the trust. Contracts are expected to be offered within six weeks.

....To improve Michigan's **unemployment insurance** system, the governor has asked the directors of the departments of Labor and Commerce to study the system's administration. He also has asked the Economic Alliance for Michigan, the State Chamber of Commerce, and other organizations to make recommendations within three months on benefit levels, access to benefits, experience rating, and trust fund solvency.

Political News

....**Democratic presidential candidates** quickly shifted focus this week from Tuesday's Illinois primary to Michigan's March 26 caucus. The caucus will decide for whom 138 Michigan delegates will vote on the first ballot at the party's national convention. Twelve additional delegates, including Governor Blanchard and other party leaders, will be uncommitted. U.S. Sen. Paul Simon and Rev. Jesse Jackson, both of Illinois, campaigned in Michigan after finishing first and second in their home state. U.S. Sen. Albert Gore of Tennessee has been endorsed by the Michigan legislature's top Democrats, House Speaker Gary Owen and Senate Minority Leader Art Miller. Massachusetts Governor Michael Dukakis named Congressman Dennis Hertel of Harper Woods to head his Michigan campaign, and U.S. Rep. Richard Gephardt received backing from Congressman David Bonior of Mt. Clemens.

....After the Illinois primary, the **national delegate score card** reads: Republicans--Vice President George Bush 749; U.S. Senator Robert Dole 188; Rev. Pat Robertson 17; uncommitted 72 (1,139 are needed to win the nomination). Democrats--Governor Michael Dukakis 463; Rev. Jesse Jackson 439; U.S. Sen. Albert Gore 354; U.S. Sen. Paul Simon 193; U.S. Rep. Richard Gephardt 145; uncommitted 276 (2,082 are needed to win).

....State Rep. Virgil Smith, Jr. (D-Detroit), who won Tuesday's **special election for the second district state Senate seat** vacated by Basil Brown, said farewell Thursday to his colleagues in the House. Smith received 8,334 votes to 1,426 for Republican Cynthia Brewer in this heavily Democratic district. Governor Blanchard has not yet announced whether he will call a special election to fill Smith's House seat. He could allow it to remain vacant until the person elected in November 1988 officially takes the seat when the new legislature convenes in January 1989.