



## Michigan ROUNDUP

### *Legislative Week in Review*

- Governor John Engler returned to the state Senate he once directed as majority leader to sign a **property tax freeze** bill into law. Promising to continue pushing for an outright tax cut, Engler signed the compromise that freezes property tax assessments next year at this year's levels and puts a ballot proposal before voters in 1992 that would cap future assessment increases at 5 percent until a property is sold. It then would be reassessed, as at present, at 50 percent of market value. Statewide property taxes will be an estimated \$388 million less than before the freeze.
- In another legislative appearance, the governor paid an unannounced visit to the House Appropriations Committee where he urged rejection of a **state employee pay raise**. Both chambers must vote to reject the previously negotiated 4 percent hikes by next week, or they will go into effect October 1. Engler, whose FY 1992 budget recommendations do not include funding for the increases, has warned that upwards of 3,000 of the state's 66,000 employees might have to be laid off to finance the raises. The House instead approved a resolution containing alternatives to the pay freeze—such as employee furloughs, early retirement, work week reductions, and temporary office closures—which are subject to collective bargaining. The resolution now goes to the Senate.
- The Senate Appropriations Committee completed this week its actions on the governor's recommended **FY 1992 budget**. The Republican-led group has no further business until the Democratic House begins sending its spending bills to the Senate. The major partisan differences on the budget virtually guarantee that conference committees ultimately will hammer out compromise spending levels. Negotiations continue, meanwhile, on the FY 1991 budget, which remains just shy of \$1 billion in deficit. Last month, the governor had threatened a new round of executive orders if the stalemate was not broken.
- A bill repealing a controversial section of the **parental consent law** passed the Senate unanimously this week and has been sent to the House. SB 243 removes the requirement that public schools distribute descriptions of the judicial bypass procedure to girls in grades 6 through 12. In related news, the state Court of Appeals announced last week that it will not issue an injunction against the law, as was sought by Planned Parenthood and the American Civil Liberties Union.
- SB 138, a bill extending until December 31 the sunset date on 1986 reforms to **Michigan's Essential Insurance Act**, has passed both chambers and is on its way to the governor. Those reforms loosened territorial rate restrictions that urban insurers said put them at a competitive disadvantage outstate. The question of continuing those reforms will be resolved in a House-Senate conference committee that also will be considering ways to reduce auto insurance rates.
- A three-bill package sent to the Senate by the House creates an office for **solid waste oversight** and requires more information from the state's waste haulers and landfill operators. Supporters say the additional data will help lawmakers develop better waste management policy.

### *Political News*

- Several hundred artists and supporters rallied at the capitol Wednesday for what they called an "**Art Attack**," protesting the elimination of nearly \$60 million in cultural grants from the governor's recommended 1992 budget. More than \$37 million of that total was caught in this year's deficit-triggered budget freeze and was not distributed to groups whose current year spending commitments were based on receiving the state funding. The day before the scheduled rally, the governor's office announced a "summit meeting" with the chairman of the Michigan Council for the Arts to discuss public arts funding. Meanwhile, the Detroit Institute of Arts says that state budget cuts have forced it to impose an admission charge for the first time since the depression of the 1930s. During "Art Attack," a smaller counterdemonstration argued against any government subsidy of cultural activity.
- State Treasurer Doug Roberts said this week that the Michigan Supreme Court will be asked to review the recent decision disallowing the **capital acquisition deduction**, a ruling that could cost the state \$500 million in single business tax revenues if not overturned. The Court of Appeals rejected the deduction earlier this year and refused to reconsider the case.
- With stops in Genessee, Huron, and Flint counties, Governor Engler began a reprise this week of the **county-by-county visits** that many believe were a key ingredient in his election victory.
- Wall Street attorney David Dykhous returns to state government this month to direct the agency he ran two decades ago. Dykhous is expected to be confirmed as **state insurance commissioner** next week. He held the post for four years during the Milliken administration; he also served the former governor as legal advisor and deputy commerce director.
- Lansing Attorney Thomas Hay is the newly selected president of the **Michigan Trial Lawyer's Association** for a term beginning on July 1.

