



Michigan ROUNDUP

Legislative Week in Review

....The legislature returned for a one-day session Thursday after a three-week recess/negotiating period and finished work on the **FY 1988-89 budget**, which amounts to about \$14 billion, \$6.7 billion of which are state funds. Before adjourning until September 14, both chambers passed the controversial higher education appropriations bill that had caused heated argument among House-Senate conferees Wednesday. House conferees rejected a Senate Republican proposal that the higher education budget guarantee minimum spending of \$2,991 per student. Both houses then agreed to a compromise requiring the Department of Management and Budget to study higher education funding equity, including a review of per-student spending.

....Negotiators failed to reach agreement on an **\$800 million environmental cleanup/recreation bond proposal**. To accommodate the governor's preference to have the question on the November election ballot, legislative approval is required by September 9. Since the legislature is not scheduled to return until September 14, a special session would be necessary.

....House-Senate conferees have agreed that a **school finance reform proposal** will go on a special election ballot March 8, 1989. Negotiators will meet again next Wednesday to work out details of a plan that would increase the sales tax from four percent to six percent, cap school operating taxes at 28 mills, exempt homesteads from school taxes on \$7,500 of SEV, and allow districts to levy an additional two mills with voter approval. The proposal would also exempt households from the sales tax on utility services. The plan would increase state spending on schools by \$516 million: \$406 million from new taxes, and the remaining \$110 million from the general fund.

Political News

....In the **Department of Social Services embezzlement case**, employee Terry Brenner underwent preliminary examination in Lansing District Court Thursday on charges that he had \$628,000 worth of department checks issued to eleven people for operating nonexistent day care centers. Five others charged in the scheme also were scheduled to appear.

....A state Treasury Department campaign to recapture \$20 million in revenue lost to **fraudulent boat sales and use tax returns** is bearing fruit. One boat owner will be arraigned on charges that he failed to pay a total of \$56,000 in taxes on two boats; one is his \$1.25 million, 78-foot sloop that was featured several years ago in the state's "Say Yes to Michigan" campaign. Treasury investigators have been cruising marinas throughout the state to match boats with tax returns.

....At the request of State Rep. Raymond Murphy (D-Detroit), House Speaker Gary Owen (D-Ypsilanti Township) created a special committee to investigate allegations in the *Detroit Free Press* that **Detroit banks have refused to make loans** on residential and commercial property in the city while lending freely on similar properties in the suburbs. U.S. Senator William Proxmire (D-Wisconsin) earlier this week requested that four federal agencies look into the allegations.

....Frank Stella, the co-chair of Detroit's **Casino Gaming Study Commission**, says a pro-casino coalition has hired Reese Communications, a Washington, D.C., political consulting firm, to help defeat an antigambling proposal on Tuesday's primary election ballot in Detroit. The firm orchestrated the defeat of a bottle deposit proposal last year in Washington state. Antigambling forces in Detroit have hired their own consultant, S. J. Guzzetta and Associates, also of Washington, D.C.

[The *Michigan ROUNDUP* will resume regular publication after the legislature returns to session on September 14.]



Public Sector Consultants, Inc.

Knapp's Centre • 300 S. Washington Square
Suite 401 • Lansing, MI 48933 • (517) 484-4954