

Michigan ROUNDUP

....The Democratic-controlled House passed legislation that would impose a two percent premium tax on both domestic (in-state) and out-of-state insurers, resulting in \$250 million in revenue. GOP House members would have preferred a tax on domestic insurers to restore about \$170 million in revenue the state could lose this year due to a court ruling prohibiting a premium tax only on out-of-state insurers. As expected, the Republican-controlled Senate rejected the House-passed version and sent the bills to conference committee. Many GOP senators believe that the higher taxes on domestic insurers will result in higher premiums. Because of the revenue implications, the debate over this legislation is holding up action on an income tax break for Michigan residents and final approval of the FY 1987-88 budget. Medicaid and school aid payments have stopped pending final action on the budget.

....The Senate passed a package of transportation revenue bills that would raise about \$90 million by increasing motor vehicle title fees and charging a new \$5 registration fee; the House Transportation Committee approved a separate bill hiking the cost of most driver's licenses from \$6 to \$12. Together the bills would generate a total of \$110 million, 90 percent of which would be used for road and bridge repairs. The package would also create a transportation economic development fund and allow counties to levy taxes for road improvements, with voter approval.

....Ferris State, Grand Valley State, Lake Superior State, and Saginaw Valley State colleges would be renamed universities under legislation approved and sent to Governor Blanchard.

....The House Fiscal Agency recently sent a letter to House Appropriations Committee chair Dominic Jacobetti stating that "the governor's vetoes, proposed executive orders, administrative reductions, and other budget balancing measures will not be enough to balance the FY 1988 budget." The agency forecasts a deficit of \$164 million even after those actions are taken and contends that the state "cannot afford an income tax rollback at this time." Disputing the governor's assumption that the economy will improve after 1988, the agency states that the combination of auto plant closings, reductions in federal aid, and costs of new prisons will cause revenue problems for the next several years. The agency predicts that another round of budget reductions are inevitable for the FY 1987-88 fiscal year. Public Sector Consultants believes there will be a FY 1987-88 deficit of \$250-300 million after vetoes and other reductions, and that more budget cuts will be necessary.

....The Michigan Employment Security Commission (MESC) will be \$16 million short in unemployment benefits by 1989, according to House Minority Leader Paul Hillegonds, who cited MESC forecasts. The MESC projects that unemployment will rise from its September level of 7.8 percent to 9 percent in 1988, then to 9.4 percent in 1989. Unemployment benefits rose this year from 65 percent to 70 percent of an eligible person's after-tax income.

....The World Health Organization (WHO) closed its Smallpox Eradication Unit in Geneva, Switzerland, because no naturally occurring cases have been recorded in ten years, according to a Detroit News article. Smallpox has become the first disease in history to be eliminated. WHO will now focus its efforts on fighting AIDS.