



Public Sector Reports

Michigan **ROUNDUP**

Legislative Week in Review

- Governor Blanchard Wednesday proposed a **constitutional amendment to reduce property taxes** levied to support schools and to recapture the lost revenue by raising the rate of the state sales tax from the current 4 percent to 5 percent. The governor's plan would cut school operating taxes on homesteads by 25 percent and limit them to 28 mills. School taxes against business property would be cut by 10 percent and limited to the reduced level. The governor said the sales tax increase would offset the reduced school property taxes "dollar for dollar" or by \$810 million. He said he would ask the legislature to put the proposal on the ballot before the end of the year, perhaps in a special election to take place in March. The governor's proposal may face heavy opposition in the legislature for two reasons, according to informed sources. First, the proposal would not guarantee additional revenue for K-12 education, something school administrators and teachers have insisted must accompany property tax reductions. Second, the plan would not redistribute the \$810 million to assist districts with comparatively low property values. The proposal would, however, reduce the state's payout under the property tax credit system by about \$125 million, money that could be redistributed to poorer districts. Observers also do not believe that lawmakers will approve Blanchard's proposal before the end of the legislative session on December 31. Some members of a House-Senate conference committee claimed the committee was very close to reaching agreement on its own plan and that the governor's surprise announcement is a major setback for school finance reform.
- Senator Jack Welborn (R-Kalamazoo) will propose a constitutional amendment in January that would prohibit elected and appointed state officials, employees, and their families from paying for **abortions** with state-provided medical insurance. Welborn, an opponent of abortion, says he accepts the argument that the recently approved Proposal A is unfair because it outlaws Medicaid funded abortions while failing to ban abortions paid for with other state money.
- The **legislature adjourned** Thursday for a Thanksgiving break and will reconvene on November 29.

Political News

- Against the urging of the Department of Natural Resources, the Senate Health Policy Committee has reported out six bills regulating disposal of **medical waste**. The department asked senators to stop movement of the bills until the U.S. Environmental Protection Agency has developed rules under a law recently passed by Congress and signed by President Reagan. The Michigan bills would specify disposal practices for all health facilities, psychiatric hospitals, and morticians; require the DNR to develop rules for disposal of infectious wastes from veterinary practices; prohibit improper disposal of infectious waste, sharp objects, and pathological waste; and set maximum penalties of up to two years in prison and a fine of \$5,000 for littering with medical waste.
- Department of Natural Resources Director David Hales has announced that \$800 million in **environmental cleanup and improvements** to recreational facilities called for by proposals C and D will begin early next year. The department will hire 50 persons to supervise decontamination of toxic sites. Many state parks will receive new sewage systems, roads, and buildings in a \$70 million program. Local parks also will be refurbished in a \$70 million grant program requiring local governments to match 25 percent of state funds.
- A coalition of health and senior citizen groups Wednesday proposed a one-cent per package increase in the cigarette tax and a new levy on other tobacco products to pay for a **prescription drug program** to assist the elderly poor that was vetoed last May by the governor due to a lack of funds. The taxes would raise \$22 million a year, providing up to \$600 toward the annual prescription drug bills of any low-income person aged 65 and older who does not qualify for Medicaid. The new tax, whose rate is not specified, would fall on snuff and chewing tobacco.
- The House Thursday passed HB 5669, sponsored by Rep. Debbie Stabenow, that provides additional relief for low-profit businesses with gross receipts of \$7.5 million or less that meet certain income limits. The bill phases out the current low-profit credit over a three-year period and replaces it with a 4 percent tax on adjusted business income. Also provided is an increase in the statutory exemption from \$40,000 to \$45,000. The bill is expected to cost about \$7 million.

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