



Michigan ROUNDUP

Legislative Week in Review

....After reaching final agreement on the 1987-88 budget, income tax personal exemptions, insurer taxes, and Wayne County financial relief, the House and Senate adjourned early Thursday morning for Christmas recess. The governor is expected to sign all the bills, most of which are effective immediately.

....The **budget agreement** will restore payments to medical care providers, foster parents, and schools. It includes a 0.75 percent, \$48.5 million across-the-board reduction in all general fund/general purpose (GF/GP) spending, except for capital outlay, which was reduced by only one line item. The agreement will increase grant levels by about 2 percent over last year for welfare recipients and Medicaid service providers and cut \$24.4 million from this year's school aid budget.

....The legislature approved an increase in the state **income tax personal exemption**, which will increase from \$1,500 to \$1,600 this year and to \$2,100 by 1990. The higher exemptions are possible due to federal income tax reform.

....State lawmakers also agreed to **tax premiums of in-state and out-of-state insurers** at 25 percent under the single business tax, resulting in an effective 1.33 percent tax rate that will raise \$190 million in 1988. In 1989, the effective rate will drop to about one percent due to tax credits, and a retaliatory tax will be imposed on out-of-state insurers to restore revenue lost due to tax credits.

....The state cigarette tax will increase by four cents under a package of bills approved by the House and Senate to provide **financial relief to Wayne County**. All of the \$44 million in higher cigarette tax revenue will go to Wayne County in 1988; it will be split among all counties in following years.

Political News

....The state Republican party continues to suffer from internal wrangling among presidential candidate supporters over the **delegate-selection rules** for its upcoming convention. In a rules vote on Saturday, December 12, a coalition of Pat Robertson and Jack Kemp supporters prevailed, effectively prohibiting many George Bush supporters from voting for delegates. The *Detroit Free Press* reports that the disputing groups will file, or have already filed, suit in three different courts in efforts to settle the dispute. If the campaigns fail to resolve their differences, it is possible that Michigan will send two competing delegations to the Republican National Convention in New Orleans in 1988.

....Returning Democratic presidential candidate **Gary Hart** finished first in several polls this week, but the margin of error in these makes his frontrunner results questionable. A poll by *USA Today* and CNN (with a 6 percent margin of error) show Hart leading Democratic contenders with 29 percent, followed by Michael Dukakis with 15 percent. In a *New York Times*/CBS news poll described as "statistically insignificant," Hart leads Rev. Jesse Jackson 21 percent to 16 percent. Hart also comes out ahead in an ABC survey (7 percent error margin), finishing ahead of Jackson, 28 percent to 22 percent; Paul Simon received 11 percent, and Dukakis had 10 percent.

....For the second year in a row, **college enrollment in the state** set a new record, according to a *Detroit News* report citing state Board of Education figures. Enrollment this fall totaled 534,995 students, about 11,000 more than a year ago. The report showed 244,288 students are enrolled in the state's 15 public universities; 212,855 attend the 29 junior and community colleges; and 77,852 are in 56 private colleges and universities.