



MICHIGAN REPORT

OFFICIALS WARN OF CUTS IF SHIFT DOESN'T PASS

As many as 3,200 state jobs in local governments, many of them public safety positions, could be cut if the Legislature does not pass the shift in collection of the state's county property taxes, representatives of local governments charged at a press conference on Tuesday.

"Cut revenue sharing and we have no more and we have no more choices," said Ervin Portis, Jackson Police Chief and representing the Michigan Association of Chiefs of Police. "Folks, I assure you there's nothing left (to cut) than police and fire jobs."

The press conference was part of the effort local governments are mounting to convince the House to approve on Wednesday SB 1111 and SB 1112. Those bills will enact a three-year phase-in shift in the collection of the county property tax from December to July. The shift will create a pool of funds that the state's counties will use in lieu of statutory revenue sharing.

Kalamazoo County Administrator Don Gilmer told reporters that the "process is the art of the possible. The governor gave us a possible solution, the Senate enacted it, and we're waiting on the House."

If the proposal is not adopted, more than \$182 million in revenue sharing cuts would be on the chopping block. Jerry Ambrose, controller for Ingham County, said the cuts the county would see could

mean the elimination of up to 90 county jobs.

Extrapolating that across the state, Mr. Ambrose said there are "3,200 jobs at risk" if the House does not pass the bills.

The House is scheduled to act on the bills on Wednesday when it returns to session. Local government organizations are encouraging local officials to attend the session to lobby lawmakers to pass the bills.

Mayors and officials from the Urban Core Mayors group is also planning a press conference on Wednesday to talk about the effects they see if the proposal does not pass.

The property tax collection shift was part of the budget agreement reached by Governor Jennifer Granholm, Senate Majority Leader Ken Sikkema (R-Wyoming) and House Speaker Rick Johnson (R-LeRoy), and is a variation of a proposal Ms. Granholm proposed last winter to move all the collection of the county tax this past July.

While the two bills passed the Senate relatively easily, they have run into opposition in the House as voters worried that the measure is really a tax increase.

Mr. Gilmer said the proposal was not a tax increase. "We're paying ourselves with our own money," he said. "The House wants us to wither and die."

And he said his fiscal analysts estimated the average effect on a homeowner would be 38 cents. When the Senate Fiscal Agency estimated the effect at 37 cents, Mr. Gilmer said he berated his staff for being off by so much in their analysis.

"This isn't a tax increase. It never was and it never will be," Mr. Gilmer said.

But Jack McHugh, of the Mackinac Center for Public Policy Research, said in fact the counties and other local governments of the state are "hostages to a governor and a Legislature unwilling to make necessary cuts to excessive state spending." His organization has identified more than \$180 million in cuts in other areas that could preserve revenue sharing.

And Mr. McHugh said arguing the proposal is not a tax increase ignores the lost to net worth to homeowners by having to pay earlier property taxes.

But some officials said for those people who both pay their winter property taxes in February - when the December payments are due - and who itemize their deductions on their federal income tax returns, the shift in property tax could actually save them money because they could deduct more when filing their federal tax.