

# Taxing seesaw perplexes

Owners vexed by high taxes, low home prices

By JOHN GALLAGHER  
FREE PRESS BUSINESS WRITER

Back when Mark Avery was a bullpen warm-up catcher for the Detroit Tigers, he could always spot a curveball. Today, he says he's getting thrown a curve on his property tax bill.

Avery of Rochester Hills is one of many local homeowners who wonder why their property taxes keep going up even as home values in metro Detroit and Michigan as a whole have been going down.

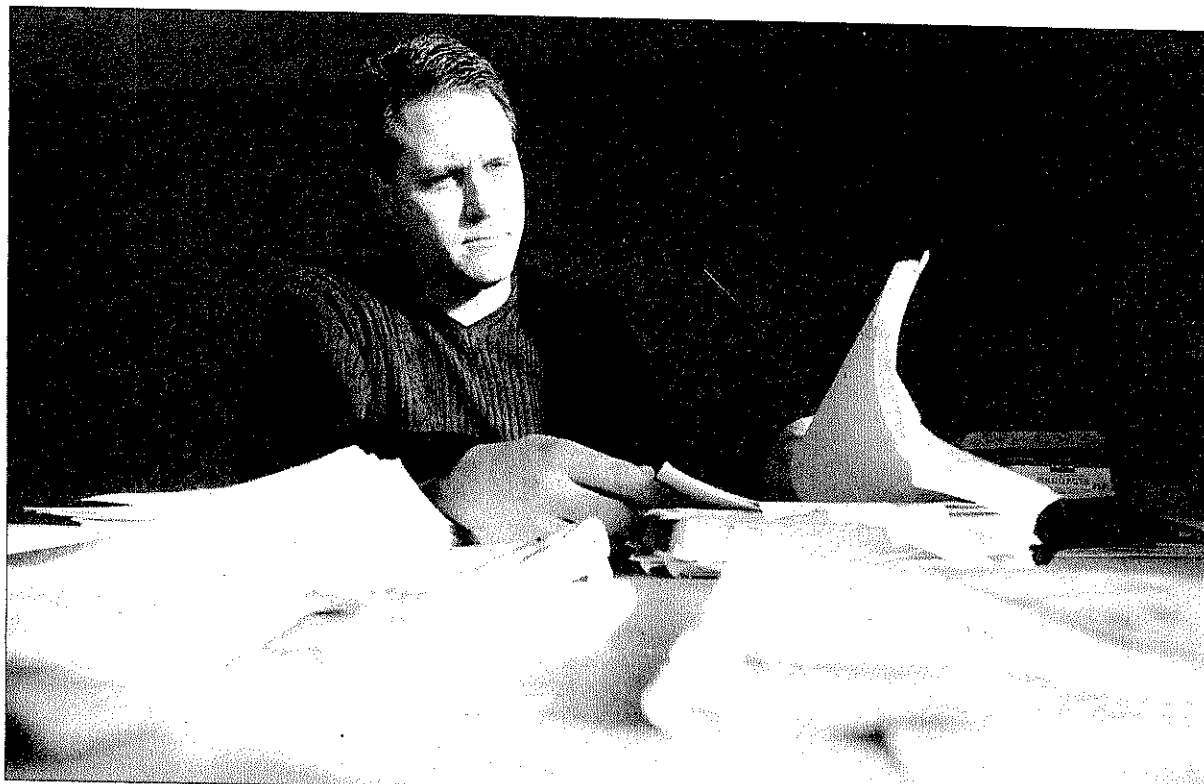
"I got my tax bill in November, and I looked at it and saw my assessment, and I said, 'Wait a second, they think my house is worth a lot more than it is,'" he said earlier this week. "So I started to look into it. I'm like, 'You know what? This doesn't make any sense.'"

Avery, who worked in the Tigers' bullpen in 1993 and now runs a baseball camp as well as his own real estate business, isn't alone in wondering why tax bills and assessments seem to be going in opposite directions.

The National Association of Realtors reported in November that prices of existing houses in metro Detroit had dropped more dramatically — 10.5% during the third quarter of 2006 alone — than in any other big urban market in the nation.

At the same time, the state gave local taxing authorities permission

See HOMES, 2E



PATRICIA BECK/Detroit Free Press

Mark Avery goes through research materials at his Rochester Hills home on Thursday. Like many metro Detroit homeowners, he wants to know why property taxes continue to rise even as home prices plummet faster than in other urban areas.

"They think my house is worth a lot more than it is."

MARK AVERY, a Rochester Hills homeowner said after reading his November tax bill

## How to appeal your property tax assessment

If you want to appeal your tax assessment, go to [www.michigan.gov/taxtrib](http://www.michigan.gov/taxtrib). Click on "walkthrough" for step-by-step instructions, or request an appeal form from your municipal tax assessment office.

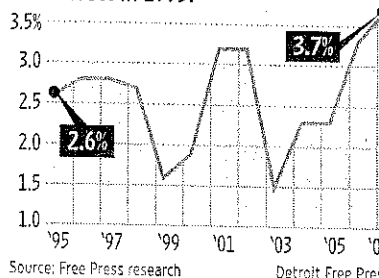
In most cases, you will be given a

date in March to appear before your local Board of Review, which is a committee appointed by city officials to review tax assessment appeals. If you disagree with the board's decision, you can appeal further to the state tax tribunal.

— BY EMILIA ASKARI

## Going up

Each year, the state tells local authorities how much they can raise property taxes based on inflation. The allowable increase for this year is 3.7%, the highest inflationary increase allowed by the state since Proposal A took effect in 1995.



Source: Free Press research

Detroit Free Press

# Car firm support Bush fuel mission

Foreign, U.S. automakers oppose strict savings

By JUSTIN HYDE  
FREE PRESS WASHINGTON STAFF

WASHINGTON — Detroit's foreign competitors agree with their U.S. counterparts in supporting the thrust of President W. Bush's call for higher fuel economy for cars and trucks while opposing target for future increases, the trade association said Thursday.

Mike Stanton, president of the International Automobile Manufacturers, the lobbying group for Toyota, Honda, Nissan and 11 other foreign automakers, also said politics and the complexity of fuel economy rules make it unlikely that increases will happen before Bush leaves office.

As part of a plan to reduce gasoline consumption by 20% in a decade, Bush proposed in his State of the Union speech to raise economy standards for passenger cars by 4% a year. Any actual increase would be set by federal administrators, a move opposed by many Democratic environmental groups who want to meet specific numbers for economy increases.

See FUEL, 2E

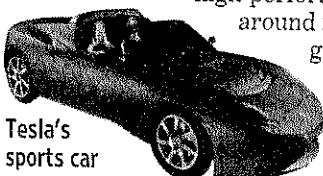
## FINANCIAL HEADLINES

### AUTOMOTIVE

#### Electric carmaker opens tech center

Tesla Motors, maker of high-performance and high-priced electric cars, opened its Michigan Technical Center in Rochester Hills on Thursday.

The 19,240-square-foot facility will employ 60 engineers who'll focus on research and development of future products, starting with a four-door electric sports car. That project, named WhiteStar, aims to get a five-passenger, lightweight, high-performance sedan into production around 2009. Tesla officials said the region's base of automotive facilities and engineering expertise figured in the company's decision to place the center in Michigan.



Tesla's sports car

### UNIONS

#### Only 12% belong

The percentage of wage and salary workers who were union members dropped to 12% of the workforce last year, the lowest percentage since the government started tracking that statistic more than two decades ago.

In Michigan, union membership dropped from 20.5% of the workforce in 2005 to 19.6% last year.

### OUTPLACEMENT

#### WSU contacts Pfizer

Wayne State University has set up a team to help Pfizer find jobs for Michigan workers the drug company laid off.

WSU President Irvin Reid asked to meet with Pfizer officials to find out how to help. He appointed Randal Charlton, chairman of MichBio, a biotechnology coalition, to lead the effort.

# Quarterly profit dips at Compuware

By JEWEL GOPWANI  
FREE PRESS BUSINESS WRITER

Compuware Corp. of Detroit saw its profit decline slightly during the last three months of 2006, as higher operating costs nullified increased software sales.

For the company's third quarter, Compuware posted earnings per share of 11 cents and met Wall Street estimates.

Compuware Chairman and Chief Executive Peter Karmanos Jr. called the results strong. "The company's results featured solid year-over-year increases in maintenance and software license fees," Karmanos said in a statement.

Profit declined 3%, from \$37.7 million in 2005 to \$36.5 million, on revenue of \$315 million. Buoyed by stronger sales, revenue increased 3%, from \$306 million in 2005.

The company saw a 2% boost in revenue from its bread-and-butter mainframe software; that figure reached \$132 million. Revenue from

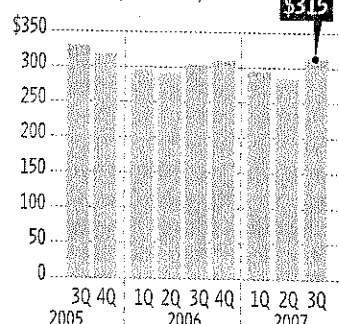
## Compuware Corp.

### Stock price

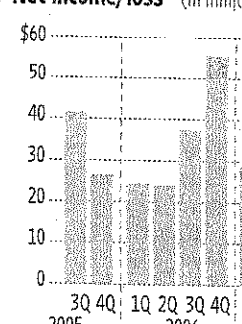


\* Fiscal year  
Sources: Free Press research

### Net sales\* (in millions)



### Net income/loss\* (in millions)



network-based software grew nearly 12%, to \$68 million.

Due to slow growth in mainframe needs, network software is an important market for the company, said Martin Schutz of Hochfeld Independent Research Group in New York.

"The company has to figure out how to get both sides of its business growing more consistently," Schutz said.

During the quarter, Compuware's operating expenses increased 5% to \$272 million.

Part of that was attributed to a \$5-million donation Compuware made to the Detroit Riverfront Conservancy, Chief Financial Officer Laura Fournier said during a conference call.

Compuware's leadership is in transition. Last May, Karmanos said he plans to step down as chief executive by the end of this year and he'll choose a successor from among three top executives.

That selection process continues, Fournier, one of those candidates, said without offer-

ing specifics.

"I think investors are looking for some more clarity about the management structure and Mr. Karmanos' role in that," said Fournier, a vice president of America Securities.

Separately, Compuware sold its former headquarters in Farmington Hills for \$1 million.

Contact JEWEL GOPWANI at 313-223-4550 or [jgopwani@freepress.com](mailto:jgopwani@freepress.com).

er, owned by Gannett  
c., has a weekday circu-  
of about 200,000 and  
han 300,000 on Sun-

## CAL PRODUCTS

### er profit rises

ker Corp., the world's  
argest maker of artifi-  
ees and hips, said profit  
% on higher sales of  
l tools and hospital  
ment.

income for the fourth  
r jumped to \$227.9  
or 55 cents a share,  
78.4 million, or 43  
ear earlier, Kalama-  
ed Stryker said Thurs-  
a statement. Revenue  
d to \$1.46 billion from  
llion.

ss staff and news services

## ORLD

smaller titles includ-  
ular Science, Field &  
and Parenting to  
h publisher Bonnier  
ne Group.

sale marked the latest  
y the magazine com-  
restructure its busi-  
d adapt as readers and  
ers increasingly look  
internet for news, en-  
ment and information.  
e Inc. originally put the  
es up for sale last fall,  
sale had been widely  
d. The sale price was  
\$220 million and  
llion, according to two  
amiliar with the trans-  
ho spoke on condition  
mity because the  
l terms have not been  
disclosed.

8 titles are part of  
arenting group and  
edia.

# HOMES | High taxes, low prices confuse

From Page 1E

last November to raise prop-  
erty taxes 3.7% to reflect a rise in  
inflation. That was the highest  
annual increase since Michi-  
gan's current property tax sys-  
tem took shape in 1994.

As annual notices of assess-  
ment changes get mailed out to  
homeowners in mid-February,  
more residents may question  
what they're paying.

Despite the complaints,  
though, under the logic of the  
state's Proposal A reforms en-  
acted in 1994, rising property  
taxes in a time of falling home  
values do, in fact, make sense,  
as difficult as that may be for  
homeowners to understand.

The key is that under Prop-  
osal A, there is a difference  
between a home's assessment,  
which is supposed to indicate  
what a house would be worth  
on the open market, and its  
taxable value, which is the fig-  
ure that property taxes are cal-  
culated on.

Annual tax increases were  
capped under Proposal A at no  
more than 5% or the rate of in-  
flation, whichever is less. So  
ever since Prop A took effect in  
1995, assessed values have  
been rising rapidly in what has  
been, until recently, a housing  
boom, even as taxable values  
rose at a much slower rate.

In effect, homeowners have  
enjoyed a break under Prop A  
because of this gap between  
taxable value and their homes'  
true worth. As of 2005, state



PATRICIA BECK/Detroit Free Press

equalized values, an indicator  
of market worth, were nearly  
24% higher than taxable values  
— a huge amount of tax relief  
thanks to the Prop A caps on  
taxable value.

That cushion is now eroding  
with today's declining home  
values, but not by much yet,  
says Kurt Dawson, the city as-  
sessor in Rochester Hills.

"It's worth less, but still  
you've got to think of what  
they've gained over the years  
because of Proposal A," Daw-  
son said this week. "They hav-  
en't been taxed at the rate  
that property values have been  
going up."

In fact, some analysts who  
worry about the strain on local  
municipal budgets say a nar-  
rowing gap between taxable  
and assessed values is not such  
a bad thing.

"When you have the two val-  
ues begin to separate, it kind of  
creates a pool of untapped tax-  
able base that accumulates  
during the good times and that  
local governments can tap into

Mark Avery  
pores over re-  
search material  
he has gathered  
to try to un-  
derstand what he  
considers a  
discrepancy  
between his high  
property taxes  
and low home  
value.

also would come down.

"I would say it would take  
half a dozen years of declining  
prices before we'd really see an  
impact" on taxes, he said.

Timing is another reason  
why property tax bills may not  
reflect the recent price drop.  
Most assessors use a two-year  
average of values to determine  
local assessments. The most  
recent two-year period ended  
in March 2006, just before  
home prices in Michigan began  
to drop dramatically.

That means taxpayers may  
see greater relief in their 2008  
assessments than they will this  
year, but, that doesn't mean  
taxes will come down.

Some local assessors, like  
Dawson in Rochester Hills, say  
they're switching to an option-  
al one-year review of local pric-  
es to more quickly reflect the  
change in home values.

Finally, David Petrak, the  
city assessor in Ann Arbor,  
cautioned that property taxes  
also are determined by the lo-  
cal millage rate, a figure that,  
when multiplied by a prop-  
erty's taxable value, determines  
the actual tax bill.

"So even if you were suc-  
cessful in getting your taxable  
value lowered by some per-  
centage, if your taxing author-  
ity increases your millage,  
you're going to pay more prop-  
erty taxes," Petrak said.

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# FUEL | Automakers support Bush's plan

From Page 1E

Meanwhile, U.S. Rep. John  
Dingell, in his first official  
move on the proposal, asked  
the Bush administration to jus-  
tify its targets and provide his  
House Energy and Commerce  
Committee with proposed leg-  
islation by next Thursday.

In a letter to Bush's top  
White House economic advis-  
er, the Dearborn Democrat re-  
quested any data the adminis-  
tration used to reach its goal of  
saving 8.5 billion gallons of gas-  
oline by 2017, including cost es-  
timates, and to defend "the ex-  
clusion of initiatives to in-  
crease alternative fuel infra-  
structure" from the proposal.

Detroit automakers have  
pledged to build half of their  
new vehicles with the capabili-  
ty to burn ethanol or other re-  
newable fuels by 2012 if the  
government addressed the  
lack of filling stations for such  
fuels.

Domestic automakers'  
long-standing opposition to  
Corporate Average Fuel Econ-  
omy rules has often made them  
a target for environmental  
groups and some lawmakers,  
who cited the smaller, more ef-  
ficient vehicles sold by some  
foreign competitors as proof  
that fuel economy standards  
could be toughened.

Even other industries, such  
as airlines, freight haulers and

electric utilities, have told Con-  
gress that higher fuel economy  
standards should be a first step  
on global warming and U.S. en-  
ergy security.

"Most of the people in  
Washington I talk to view it as  
the low-hanging fruit," said  
Tom Block, senior vice presi-  
dent of government relations  
for J.P. Morgan in a conference  
call Thursday. "Of all the vari-  
ous global warming climate  
change initiatives that could be  
done fairly quickly, the general  
view is increasing CAFE stan-  
dards is in that category."

But Stanton said foreign au-  
tomakers concur with Detroit  
automakers, who said they  
support the president's pro-

posal to let the National High-  
way Traffic Safety Adminis-  
tration set standards but op-  
pose specific targets.

"Four percent a year is a ve-  
ry aggressive number," he  
said. "It's less of a challenge for  
some automakers than others,  
(but) still a big challenge for all  
manufacturers."

Stanton, who has lobbied  
for automakers for more than  
two decades, said because  
Congress had not changed fuel  
economy rules for passenger  
cars since 1975, there's "built-  
up demand" for lawmakers to  
act. While the standard for  
cars sits at 27.5 m.p.g., the U.S.  
auto industry averaged 30  
m.p.g. for cars in 2005.

Contact JUSTIN HYDE at 202-  
906-8204 or jhyde@freepress.com.

### s labels will join

Group Plc, the world's  
gest record company,  
bine its U.S. Capitol  
in labels, the latest  
a shakeup to reduce  
d reverse falling sales.  
ew Slater, chief exec-  
Capitol Records since  
leave the London-  
mpany, EMI said  
y in an e-mail state-  
son Flom, head of  
records in the United  
will run the new Cap-  
Group, EMI said.

### rt to pay past OT

art Stores Inc. will  
than \$33 million in  
res to thousands of  
s after turning itself  
Labor Department  
g too little in over-  
the past five years,  
g to an agreement  
d Thursday by the  
r Department.

art said the depart-  
view of its overtime  
ns also found it had  
about 215,000 hourly  
during the same  
he company said it  
will not seek to  
recover any over-  
payments, which  
were at least \$20  
per worker.

Compiled from Associ-  
ated Press and Bloom-  
berg reports

e with STOCK  
(e.g., AGTHX) to

# 500 cosmetics firms agree to remove harmful ingredients

By PATRICIA ANSTETT  
FREE PRESS MEDICAL WRITER

More than 500 companies  
have signed agreements to  
eliminate potentially unsafe in-  
gredients in their cosmetic and  
body care products, a national  
health and environmental co-  
alition said Thursday.

The Campaign for Safe Cos-  
metics requires companies to  
meet standards, now in place in  
Europe, to ban chemicals  
linked to birth defects, cancer  
and other health problems.  
Among those to sign the agree-  
ments are the Body Shop and  
Burt's Bees manufacturers.  
Names of the companies sign-  
ing the agreement can be found  
at [www.safecosmetics.org/  
companies/signers.cfm](http://www.safecosmetics.org/companies/signers.cfm). The

Web site's home page also pro-  
vides consumers with educa-  
tional materials about cosmet-  
ic safety issues.

U.S. women and girls use an  
average of 12 personal care  
products daily including deo-  
dorant, shampoos, hair dyes  
and moisturizers.

This year, California be-  
came the first state in the na-  
tion to require manufacturers  
to disclose ingredients on state  
and federal lists of potentially  
unsafe chemicals in products.  
Oregon, Washington, Mary-  
land and New York are consid-  
ering similar laws.

To look at industry research  
of special ingredients, go to the  
Cosmetic Industry Review  
Web site:  
[www.cir-safety.org](http://www.cir-safety.org).

## PEOPLE MAKING NEWS

### MEDICAL

William Peterson has been  
appointed vice president of human  
resources for  
**Henry Ford Hospi-  
tal and Health  
Network**. He di-  
rects human re-  
sources for the  
903-bed hospital  
and 25 medical  
centers including  
employee rela-  
tions, employment,  
human resource strategies and  
services. He also will continue as  
vice president of Henry Ford  
Health System  
employee and labor  
relations, his  
position for the  
past eight years.

**Barbara Ann  
Karmanos Cancer  
Institute** in Detroit  
named **George  
Yacoub** chief in-  
formation officer



William  
Peterson



George  
Yacoub

and vice president of information  
technology (IT) and **Linda H. Rem-  
ington** director, marketing and  
communications. Yacoub oversees  
all aspects of IT at the institute.  
He has more than 25 years of IT  
experience, and more than 10  
years of health care IT manage-  
ment experience. Remington is  
responsible for brand manage-  
ment and directing the institute's  
internal and external marketing  
and communications program.

### LAW

**Heather Tomaszewski** of Grand-  
ville has been named director of  
client development  
for **Barnes &  
Thornburg Law**,  
based in the firm's  
Grand Rapids  
office. She works  
with attorneys to  
identify business  
and economic  
opportunities.



Heather  
Tomaszewski