



Michigan is 2.3% toward 2030 EV registration goal

Energy expert says 2 million EVs would double demand for energy



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BY SCOTT MCCLALLEN

Gov. Gretchen Whitmer's MI Healthy Climate plan assumes that 2 million electric vehicles will drive on Michigan roads by 2030, contributing to a reduction in tailpipe emissions.

So far, 46,792 EVs have been registered in Michigan. The state has completed 2.3% of its 2030 registration goal, with 1.95 million left. To reach that goal, Michiganders must register more than

29,000 EVs monthly for 67 months.

Michigan targets 23% of its 8.6 million vehicles to be EVs by 2030.

As of 2018, Michigan's transportation sector accounted for 28% of the state's total greenhouse gas emissions.

Jonathan Lesser, a senior fellow at the National Center for Energy Analytics, has over 35 years of experience working and consulting for governments and regulated utilities.

A challenge of mass EV adoption is that currently, electricity and the power sources fueling it — nuclear, natural gas and coal — don't also have to fuel the 6.3 million registered gas vehicles statewide or another 327,100 vehicles guzzling diesel.

Electric vehicles increase electricity load. The more vehicles that plug into the grid to charge, the less energy remains for electricity previously demanded by

hospitals, 24-hour manufacturing, and energy-intensive technology businesses such as data centers.

Lesser says poor weather deters Michigan from relying on wind and solar to produce more energy.

"Even if you carpeted the state with wind turbines and solar panels, you're not going to generate enough electricity - especially when you require everybody to drive an electric vehicle," Lesser told CapCon in a

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**Petition to keep local control
over large wind, solar facilities
fails to reach 2024 ballot**

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MEET THE STAFF



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EV Registration

from Page One

phone interview.

In 2022, renewable energy sources provided 12% of electricity generated, according to the U.S. Energy Information Administration.

The Environmental Protection Agency set new rules for light-duty and medium-duty vehicles from 2027 through 2032, requiring about 67% of new car sales to be electric.

“Dealers will be forced to buy cars that they can’t sell,” Lesser said. “And they won’t be allotted cars that they want to sell that customers want to buy.”

Lesser said Michigan will miss its 2030 EV target of 2 million, which, if achieved, would double the electricity demand.

“Where are you going to get all the electricity? It will not come from wind and solar,” Lesser said. “That’s simply impossible.”

Another expert agrees.

“There is a broad and growing consensus that transitioning to renewable energy is becoming more and more dangerous,” said Jason Hayes, director of

energy and environmental policy at the Mackinac Center. “At the recent CERAWEEK meeting in Houston, former Energy Secretary Ernest Moniz recognized the growing problem with energy supplies as well. Moniz noted that the energy needs to power AI and data centers would leave utilities scrambling for energy and relying on natural gas, nuclear, and coal.”

A 2024 Guidehouse Insights report commissioned by the Michigan Economic Development Corporation says adding widespread EV adoption to the current demand for electricity will put an “enormous strain on the aging power grid.”

The U.S. Department of Energy says the Wolverine State has 1,533 station locations with 3,577 charging ports. Michigan aims to build 100,000 charging stations by 2030. ■

The original version of this story was posted online on May 29, 2024 and is available at MichCapCon.com/31992.

Data counter Whitmer’s claim of growing Michigan

Since 2020, Michigan ranks 49th in job growth

BY SCOTT MCCLALLEN

(Editor’s note: This article has been updated to note that one population report assumes zero inbound migration.)

Gov. Gretchen Whitmer says her administration will continue to grow Michigan’s economy, but the state’s record since she took office counters that claim.

On May 30, Whitmer posted on social media a meme of an animated character reviewing a to-do list: “Get to work building an innovative ecosystem, keep growing Michigan’s economy and population, and build a bridge to the future and create a more innovative, prosperous and strong Michigan.”

Whitmer won the governor’s office in 2018 and was reelected in 2022. From 2018-23, Michigan’s population declined by 33,349 people, a 0.3% decrease that is the ninth-worst record in the country. By contrast, the U.S. population increased by 1.9%.

Michigan ranks 49th in job growth since 2020, according to the Michigan Growing Council.

“We are lagging in median income, educational outcomes, and attainment and have fallen behind faster-growing peer states in key measures of infrastructure, community well-being, and job opportunities,” the council said in a report. “We are

losing more young residents than we’re attracting, and our population is aging faster than those of our neighbors.”

From December 2018 to April 2024, the latest month for which data is available, Michigan’s economy is up 54,500 jobs, a 1.2% increase that is the 11th-weakest among the states.

About 700,000 people will leave the state by 2050, according to a report from the Michigan Center of Data and Analytics that assumes zero inbound migration.

Roughly 270,000 people will leave the state by 2050, according to a 2023 Citizen’s Research Council of Michigan report that accounts for migration.

James Hohman, the director of fiscal policy at the Mackinac Center for Public Policy, said Michigan is falling behind other states.

“Michigan is falling behind during the Whitmer administration,” Hohman told CapCon in an email. “Her policies, like increasing income taxes, forcing workers to pay unions, and demanding unreliable and expensive electricity generation has only made things worse.” ■

The original version of this story was posted online on June 6, 2024 and is available at MichCapCon.com/32008.

Nessel oil and gas lawsuit ‘grave abuse of power,’ business leaders say

Michigan Chamber of Commerce warns lawsuit will interrupt population, job goals

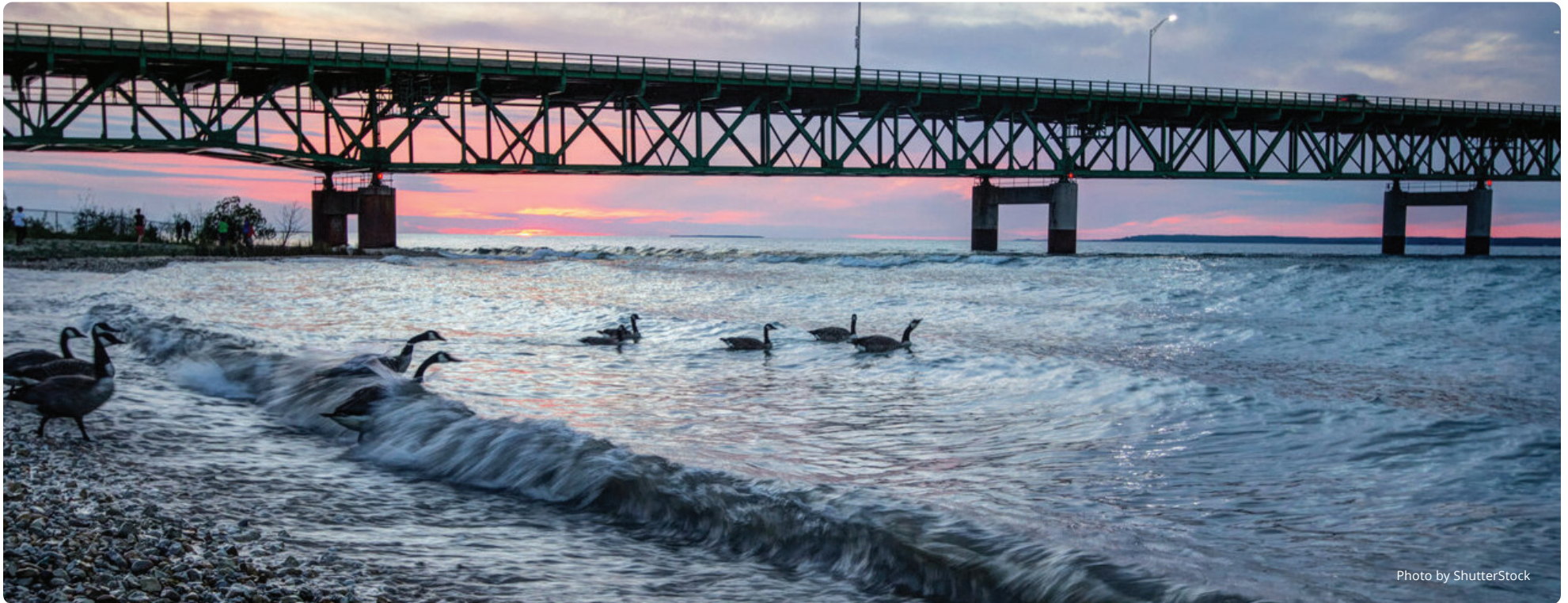


Photo by Shutterstock

BY SCOTT MCCLALLEN

Attorney General Dana Nessel’s planned lawsuit targeting oil and gas companies would set a “highly dangerous precedent,” the Michigan Chamber of Commerce announced recently.

Nessel has been seeking legal arguments from attorneys experienced in pursuing constitutional, statutory, tort and other applicable common law claims. Specifically, she aims to have these private-practice lawyers serve as special assistant attorneys general in litigation against companies that allegedly contribute to climate change.

Nessel’s request for proposals expired on June 5, but the Chamber of Commerce, which represents businesses in all 83 counties, in May called the attorney general’s move “a capricious attack on the business community.” The plan, it said, would create powerful state-backed incentives for private law firms to seek settlements from Michigan companies.

“It runs directly counter to the goals of growing our state population, economy and manufacturing and energy sectors,”

Mike Alaimo, the chamber’s director of environmental and energy affairs, told Michigan Capitol Confidential in an email.

The chamber said the intended legal argument is unclear, as are the potential defendants in the lawsuit.

“It seems like a grave abuse of the power and authority of the Department of Attorney General,” Alaimo wrote. “Using a contingency-fee solicitation to private law firms who are highly incentivized to potentially benefit from such a lawsuit creates significant concern that a state office could go this route on any number of issues without a clear rationale for doing so.”

Nessel claims climate change decreases tourism, harms agriculture and depletes Michigan’s tax base.

“Our ‘Pure Michigan’ identity is under threat from the effects of climate change,” Nessel said in a news release. “Warmer temperatures are shrinking ski seasons in the UP and disrupting the wonderful blooms of Holland’s Tulip Time Festival. Severe weather events are on the rise. These impacts threaten not only our way of life but also our economy and

pose long-term risks to Michigan’s thriving agribusiness. The fossil fuel industry, despite knowing about these consequences, prioritized profits over people and the environment. Pursuing this litigation will allow us to recoup our costs and hold those responsible for jeopardizing Michigan’s economic future and way of life accountable.”

Nessel’s office said proposals will be accepted through a blind-bid process, seeking contracts with the best qualifications, experience, abilities, capacity and cost-effectiveness.

Sen. Joseph Bellino, R-Monroe, and the entire Republican Senate caucus sent a letter to Nessel, opposing the planned lawsuit.

“This frivolous and dangerous lawsuit idea is a waste of taxpayer dollars, an abuse of power and an illustration of the attorney general’s complete lack of understanding of her role in state government,” Bellino said in a separate statement.

The lawsuit follows Gov. Gretchen Whitmer and Nessel’s ongoing attempt to shutter the Line 5 pipeline, an effort they have been pursuing since

2019 — in the face of opposition from both the Biden administration and the Canadian government. The legal limbo created by the governor’s effort jeopardizes longstanding plans to upgrade the pipeline’s safety by burying it beneath the lakebed. Line 5 has carried about 540,000 gallons of hydrocarbons daily across the lakebed of Lake Michigan since 1953.

Democratic Party leaders say they fear a spill similar to the 2010 oil spill near the Kalamazoo River.

Bellino’s statement pointed to the value of oil and gas. “We use these resources to get our kids to school; transport goods to stores; heat our homes; grow, preserve and cook our food; provide health care; and supply the electricity needed to power our economy and electric vehicles — not to mention that our state’s largest industry and largest job providers literally would not exist without them,” Bellino wrote. ■

The original version of this story was posted online on June 5, 2024 and is available at [MichCapCon.com/32007](https://michcapcon.com/32007).

Michigan Supreme Court rejects request to overrule canvassers' action on \$15 wage proposal

Court declines to override decision



Photo by Shutterstock

BY SCOTT MCCLALLEN

An effort to place an initiative on the November 2024 ballot asking whether to raise the hourly minimum wage to \$15 has failed. The Michigan Supreme Court rejected a request to override the decision made by the Board of State Canvassers that will keep the question off the ballot.

The group Raise the Wage Michigan asked the state's top court to overrule the Board of State Canvasser's refusal to certify its petition to boost the minimum wage to \$15 per hour by 2027. The petition, if the board had approved it, would have advanced to the November 2024 ballot.

The current minimum hourly wage is \$10.33.

The board approved the petition language, first brought forth by Raise the Wage, to lower the threshold for making an employer subject to the minimum wage. The threshold would go from two employees to one. Raise the Wage, however, changed the wording when it then circulated petitions.

The petitions said the law would apply to employers with 21 or fewer workers.

The court said this change could have eliminated the minimum wage for employers with fewer than 21 workers instead of raising the minimum wage for all employees.

The canvasser's board deadlocked 2-2 and rejected the revised petition submitted for its final approval.

Justice Brian Zahra wrote a concurring opinion.

"It was abundantly reasonable for the Board to conclude that plaintiff failed to obtain preapproval of an accurate statement of the petition submitted for final approval, which, rather than increasing the minimum wage for all employees, may have served to eliminate it for thousands," Zahra wrote.

The ruling cited polling from the Michigan Restaurant and Lodging Association that 61% of Michigan restaurant operators said they would lay off more than 25% of their tipped employees if the minimum-

wage offset is substantially reduced or eliminated.

Zahra said the decision was best made by lawmakers and the democratic processes.

"As repeatedly indicated in similar cases, it is not the role of this Court to second guess and question the administration of election disputes properly left to the bipartisan oversight of the Board of State Canvassers," Zahra wrote.

Justin Winslow, president and CEO of the trade group MRLA, welcomed the ruling.

"We are relieved that the Michigan Supreme Court agreed with Michigan Opportunity that the drafting errors in Raise the Wage's submission were so significant as to render it fatally flawed," Winslow said in a statement. "While the restaurant and broader hospitality industry still operate in the long shadow of the pending Adopt-and-Amend ruling by the Michigan Supreme Court expected later this year, this ruling will provide some solace to the nearly 500,000 industry

employees and nearly 20,000 operators that they can return their focus to serving up Pure Michigan hospitality to millions of Michiganders every day."

Michael LaFaive, senior director of the Morey Fiscal Policy Initiative at the Mackinac Center for Public Policy, said the ruling is "a win for Michigan."

"It means greater opportunity for job seekers and for those who work under the tipped minimum wage," LaFaive told CapCon. "Mandated minimum wages throttle opportunities for lower-income workers that can have long-term pay consequences. In addition, research and experience have shown that the net pay of tipped workers may decline. It's not hard to see why. Restaurant goers presume their servers enjoy a much higher wage and are less likely to offer generous tips." ■

The original version of this story was posted online on June 4, 2024 and is available at [MichCapCon.com/32006](https://michcapcon.com/32006).

It's hard to know if remote work saves taxpayer money

Reporting requirement implemented for 2023 not in current budget

BY JAMIE A. HOPE

State agencies moved many employees to remote work during the COVID-19 pandemic. It is hard to know the long-term financial impact of that change, especially since the current state budget

any reduction in office space. The current budget contains no such requirement. A brief March 2023 report from the State Budget Office does not provide much certainty.

The share of employees working remotely varied greatly across agencies

Work Location of State Employees

Share who worked remotely in December 2022

Department Name	Number of Employees	Share Working Remotely
Civil Rights	87	100%
Licensing & Regulatory Affairs	1,625	99%
Environment, Great Lakes & Energy	1,356	94%
Attorney General	556	94%
Education	512	91%
Insurance & Financial Services	351	90%
Agriculture & Rural Development	486	90%
Treasury	1,658	85%
Labor & Economic Opportunity	2,566	87%
Executive Office	73	88%
Civil Service Commission	449	82%
Health & Human Services	10,335	67%
Transportation	2,793	59%
Technology, Management & Budget	2,956	50%
State Police	3,072	50%
Secretary of State	1,380	31%
Natural Resources	1,737	46%
Military & Veterans Affairs	774	24%
Corrections	10,355.5	18%
Total	43,121	55%

Source: Mackinac Center research | mackinac.org | 

omits a reporting requirement from previous years.

The omnibus appropriations act for the 2023 fiscal year required agencies to compile quarterly reports on the number of full-time employees working remotely. They were also required to estimate the net savings incurred by remote work and

and departments, according to numbers compiled by the Mackinac Center. Only 18% of employees in the Department of Corrections worked remotely, perhaps due to the need for guards to report to prisons. Fewer than one-third of employees of the Secretary of State (30%) worked remotely. In seven agencies, by contrast, over 90%



Photo by Shutterstock

of employees worked remotely. These included the Department of Education, the Department of Agriculture and Rural Development, and the Department of Environment, Great Lakes and Energy. All 68 members of the executive office worked remotely.

Just over half of Michigan state employees worked remotely. Each department determines its own remote work policy. Some departments are fully remote while others require employees to be in the office two or three days each week.

Expenses for building operations increased by \$583,500 over the previous year, according to the most recent available data. The report said that price increases for janitorial and security services contributed to the increase, but building operational expenses are expected to decrease over the long term.

One surprising point from the report is that the state's overall building expenses increased in 2022 after workers were offered long-term remote work. The state reported a \$583,500 net increase in building operations in 2022 compared to 2021. It experienced an \$851,594 decrease

in operations in 2021.

The state budget office did not respond to an email asking for comment.

Utility expenses increased by \$1.4 million in 2022, while they declined by \$480,943 the previous year. Commodity price increases, combined with higher electricity and natural gas rates, were blamed for the increase.

The report said the state government owns or leases more than 41.5 million square feet of space. The amount of space decreased by 54,000 square feet in the 2022 fiscal year, and the Department of Technology, Management and Budget downsized or declined to renew 24 leases. The State Budget Office said the change saved roughly \$18.7 million.

Spending on office supplies saw a \$3.3 million net decrease and spending on information technology increased by \$11 million. ■

The original version of this story was posted online on May 21, 2024 and is available at MichCapCon.com/31954.

Auditor blasts People Mover finances

Detroit Transportation Corp. rife with financial issues, according to audit

BY JAMIE A. HOPE

The Detroit People Mover's financial management is susceptible to inaccuracies, misappropriations and even theft, according to an audit of the transit system's operator.

The Detroit Transportation Corp. had ineffective or deficient policies and procedures in various areas, including accounting and human resources, Detroit's Office of the Auditor General concluded last year.

The corporation showed "deficiencies in accounting, human resources, and information systems controls due to management not maintaining, revising, and monitoring the internal control environment," concluded the January 2023 report, which analyzed a six-year operational history, spanning from July 2015 through June 2021.

"The internal control deficiencies contributed to informal practices and irregularities in the performance of operations, the lack of defined accountability and performance measurement for critical operations, and the potential for DTC operations to become misaligned with business objectives," the report said.

The auditor found that the corporation, a component unit of the city created in 1985, lacked "defined credibility for critical accounting operations." It also lacked effective methods of tracking vendor accounts and vacation accruals.

Four general managers led the Detroit Transportation Corp. during the period audited.

The city of Detroit gave subsidies to the corporation in several years: \$6.5 million in fiscal year 2018, another \$7 million in 2019, and \$6 million in 2020.

The Detroit Transportation Corp. manages the People Mover, a 2.9-mile-long transit system in Detroit. The system has faced criticism since its inception, with the head of the Federal Urban Mass Transportation Administration calling the People Mover a "pork-barrel project gone wild" in 1985. More recent reviews have found further problems with the

corporation's management.

"My gut reaction is that the severity of the findings and the lack of available staff (several unfilled positions), mean many of the recommendations proffered by the audit will go unresolved," Robert Daddow, a former deputy Oakland County executive, told CapCon.

Daddow said the problems may be even worse, pointing to infrequent audits, a small staff, limited controls over financial checks and balances, and failure to follow basic accounting principles.

The audit should have been done earlier, Daddow said, given the Detroit Transportation Corp.'s history of problems. A triennial review by the Federal Transit Administration found deficiencies in eight of the 20 areas examined, including financial management and procurement. The administration had reported these same problems in previous reviews, Daddow said, noting that correcting cited deficiencies would normally be a high priority for management.

Daddow also pointed out problems with bank reconciliations, which are designed to detect errors and inappropriate transactions. The auditor requested 21 bank reconciliations from July 2019 to March 2021 but received only eight.

The People Mover's management also neglects to document transactions properly. Half of the payments did not have completed purchase order documentation, Daddow said, and there were 20 "doubled-up payments to vendors" that totaled \$53,000.

Daddow pointed to duplicate tracking numbers and a failure to obtain board approval for a half-million-dollar contract. The operator is required to have board approval for expenditures over \$25,000. ■

The original version of this story was posted online on May 16, 2024 and is available at [MichCapCon.com/31872](https://michcapcon.com/31872).



Photo by Pexels

State handouts to Ford could be jeopardized by company's investments elsewhere

Company agreed to 'make best efforts to keep jobs in Michigan'

BY JAMES M. HOHMAN

Michigan lawmakers were shocked when Ford Motor Co. announced in 2021 that it would be opening a new battery complex in Tennessee and Kentucky. Michigan's economic development officials stated they had not been asked to try to match the tax abatements, infrastructure assistance and taxpayer money the other states were offering. The company's decision could jeopardize the hundreds of millions of payments the company collects from Michigan taxpayers.

The company has an agreement with the state to receive refundable tax credits through the Michigan Economic Growth Authority program. The company receives 4.25% of what it pays its employees in the state.

As part of the agreement, Ford agreed to "make best efforts to keep jobs in Michigan when making plant location and closing decisions."

It's unclear whether the company made its best efforts to see if Michigan would respond. Gov. Gretchen Whitmer said the state was not asked to present its case and the special favors it could provide to companies. "I'm always looking to make Michigan more competitive and always eager to put solutions on the table, but we need a real opportunity to do that," Whitmer said, according to an MLive account. "And that really wasn't the case here."

Ford CEO Jim Farley told The Detroit News that the other sites were superior to

Michigan locations. "We didn't do it state by state. We literally did it site by site, and we scored all the sites. We went and looked at them. It was a very thorough, arduous process with things that we never considered before like energy costs. And that's what we got," he said.

It is unclear how much would be at stake if lawmakers were to stop the credits. The amount the company collects has been considered to be confidential, despite the company collecting hundreds of millions more in credits than it has in liabilities. This means the company receives money from the state, paid for by other taxpayers.

The state reports that just 15 companies were awarded MEGA tax credits in 2023. Revenue estimators expect the companies receiving MEGA deals to collect roughly \$500 million more in credits than they owe in tax liabilities for the current fiscal year. In other words, a little more than a dozen companies will receive half a billion dollars of other taxpayers' money, and taxpayers cannot be told how much each company will collect.

Ford's announcement that it would locate its Blue Oval City project outside of Michigan sent lawmakers scrambling to create new programs. Legislators have authorized \$6.3 billion in corporate welfare since then. ■

The original version of this story was posted online on May 7, 2024 and is available at [MichCapCon.com/31952](https://michcapcon.com/31952).

Water rate increase not a tax hike, court rules

Local government ready to start infrastructure projects

BY SCOTT MCCLALLEN

The Michigan Court of Appeals ruled 2-1 that an increase in water and sewer rates is not a tax increase, even if comes without voter approval. The ruling comes in a case arising out of Mackinaw City.

Mackinaw City, which is officially a village, increased its sewer rates in January 2018 after the Michigan Department of Environmental Quality said it violated the Michigan Safe Water Drinking Act. State officials said the village didn't have enough water storage capacity, and its rates were not high enough to pay for

necessary changes.

The Mackinaw Area Tourist Bureau sued the village over the rate increase, claiming it levied a tax increase without voter approval, violating the Headlee Amendment.

Although the village has a population of 860, the water system serves up to 13,000 people during the summer tourist season, when water parks and hotels use large amounts of water.

A lower court had previously ruled in favor of the tourism bureau, but the Court of Appeals sided with the village.

"Increasing water and sewer rates

to generate revenue to fund necessary capital improvements to the systems serves a regulatory purpose," Judge Colleen O'Brien wrote in the 20-page May 23 ruling. "There is no bright-line rule prohibiting water rates from being increased to fund 'new infrastructure' necessary for the water-supply system's continued safe operation."

Judge Michael Kelly joined O'Brien in the majority while Judge Kirsten Frank Kelly dissented.

The tourism group is made up of hotels, motels, bars and other businesses that benefit from tourism.

The trial court had sided with the tourism bureau, which said the rate increase was a tax because some of it funded a new water tower.

The higher court applied the three-factor test from the case Bolt v. City of Lansing. It found the disputed rates "did not constitute a tax."

"The court believed that 'new infrastructure' could never be funded through a user fee, so the water-rate increase must be a tax," the May ruling reads. The high court considered this to be in error.

Pat Rivera, superintendent of utilities for Mackinaw City, told CapCon "We're

glad it's over."

"There are a lot of infrastructure improvements that have been put on the back burner waiting for a result of this case," Rivera said in a phone interview. "Now, we want to move forward with these water and wastewater improvements and just put this behind us."

The attorneys representing the tourism businesses haven't yet responded to a request for comment. Neither have attorneys for Mackinaw City.

The order reverses the trial court's order granting the plaintiff's motion for summary disposition. It remands the trial court to grant summary disposition in favor of Mackinaw City.

A 2017 analysis from the engineering firm C2AE found that a few customers used large amounts of water.

"This means that 18% of your customers use 66% of your water," the lawsuit says, quoting the analysis.

In 2023, The American Society of Civil Engineers gave Michigan's stormwater infrastructure system a 'D' grade and wastewater a 'C' grade. ■

The original version of this story was posted online on May 30, 2024 and is available at [MichCapCon.com/31996](https://michcapcon.com/31996).



Photo by Shutterstock

Michigan lawmakers send \$1.2M to wealthy cities for splash pads

Novi, with per-capita income 61% higher than state average, gets \$200,000

BY JAMIE A. HOPE

Michigan lawmakers spent more than \$1 billion in taxpayer funds on earmarks this session, sending state funds to specific communities. The giveaway includes \$200,000 for a splash pad in the city of Novi, an affluent community in Southeast Michigan. Ann Arbor will also get \$1 million for a splash pad, as CapCon previously reported.

The 2024 state budget has no formal process for granting funding to particular pork projects. Legislators typically request money for projects in their districts. There

are no criteria for assessing if the grants are a good use of taxpayer funds.

Novi's median household income was \$100,311 in 2021, according to the U.S. Census Bureau. That is 59% more than the state average of \$63,202. The city's per capita income, \$55,807, is 61% higher than the state average of \$34,768. The city's poverty rate of 4% is tiny when compared to the state rate of 13%. ■

The original version of this story was posted online on April 25, 2024 and is available at [MichCapCon.com/31512](https://michcapcon.com/31512).

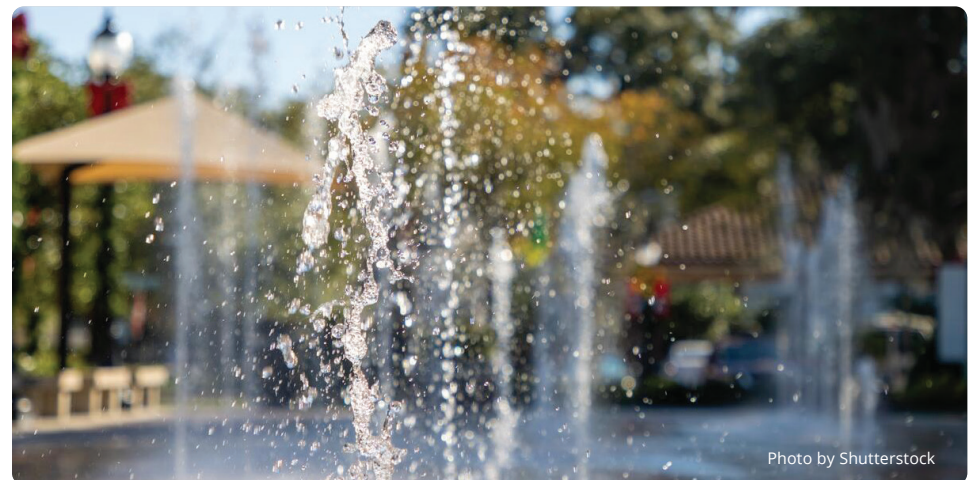


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27 Michigan school districts to get 97 electric school buses

EV school buses cost up to three times more than a diesel school bus



Photo by Shutterstock

BY SCOTT MCCLALLEN

Twenty-seven Michigan school districts will receive 97 school buses powered by electricity and three fueled by propane. The cost, nearly \$24 million, will come from the federal Clean School Bus Program.

Buses powered by electricity often cost three times more than diesel buses, but they emit fewer tailpipe emissions over the long run.

The transportation sector accounts for almost 28% of Michigan's total greenhouse gas emissions. Michigan aims to be 100% carbon neutral by 2050.

The school system in Grand Rapids will receive \$5.18 million for 15 buses. Trenton will receive \$2 million for 10 buses, Allen Park will get \$1.04 million for five buses and Comstock will get \$1.04 million for three buses.

Propane buses are significantly cheaper than EV buses. The Dearborn Academy is

spending \$1.04 million for three EV buses, but Gwinn Area Community Schools will spend only \$35,000 for a propane-fueled bus.

Electric and propane buses could carry fewer maintenance expenses, such as oil changes and transmission repairs.

But EV school buses lose about 33% of their range during severely cold weather.

Rep. Pat Outman, R-Six Lakes, told CapCon the Tri-County Area Schools in his district doesn't want EV school buses, which wouldn't have the range needed for the rural district that spans Montcalm, Kent and Ionia counties.

Gov. Gretchen Whitmer wants 2 million EVs on Michigan roads by 2030, but there are currently 46,792. The MI Healthy Climate plan says the state must build 100,000 EV chargers in 2030 but there are only 1,533 stations with 3,577 charging ports. "I never think these electric vehicles will

be what we want them to be," Outman told CapCon in a phone interview. "From supply chain to just practicality, I don't see them becoming as mainstream as they want them to be."

Outman said Whitmer and the Biden administration are "trying to dictate the market through policy" but many consumers don't want to drive EVs in his rural district.

Phil Roos, director of the Michigan Department for Environmental, Great Lakes, and Energy, said Michigan had 17 EV school buses before Congress passed the Bipartisan Infrastructure Law in 2021. It should have close to 200 buses once the 97 new vehicles are delivered.

"I applaud the Biden administration and our hardworking congressional delegation for investing in electric school buses, improving air quality, allowing schools to invest in the classroom, and helping us meet the goals of the MI Healthy Climate

Plan," Roos said in a statement.

The state is 1.9 million vehicles short of its 2030 EV goal.

"These Bipartisan Infrastructure Law dollars will help 27 school districts purchase new electric and clean school buses, providing a safer and cleaner ride to school for students while reducing costs for schools, allowing them to put dollars back into the classroom," Michigan Chief Infrastructure Officer Zachary Kolodin said in a statement. "By investing in clean school buses, we're not only upgrading our transportation systems; we're improving air quality by reducing diesel fumes, safeguarding the health of students and communities across the state."

Michigan has nearly 17,000 buses that transport more than 800,000 students each school year. ■

The original version of this story was posted online on June 3, 2024 and is available at [MichCapCon.com/32003](https://michcapcon.com/32003).

Petition to keep local control over large wind, solar facilities fails to reach 2024 ballot

Advocates will try again in 2026



BY SCOTT MCCLALLEN

A ballot initiative to allow local control over large wind and solar projects will not obtain enough signatures to qualify for the 2024 ballot.

Citizens for Local Choice missed its target to collect at least 356,958 valid signatures before May 29.

The petition drive started after Michigan Democrats, who hold a political trifecta, enacted bills in 2023 giving the state control over large-scale wind and solar projects. The law gives the Michigan Public Service Commission, a body of three members appointed by the governor, power to certify solar energy facilities and energy storage facilities between 50 and 100 megawatts.

Citizens for Local Choice said in a statement that the “ballot campaign has engaged thousands of volunteers across the state and has issued tens of thousands of petitions for signatures in an effort to

restore local control of large-scale wind and solar operations.”

“The campaign is strong and robust and while we have not reached the required signature threshold to make the 2024 ballot, we will continue our ambitious effort to leverage our legal 180-day window and work to secure a placement on the 2026 ballot.”

The MPSC’s authority supersedes local zoning regulations under the 2023 law, meaning the state can advance a renewable energy project even if the local government opposes it.

The Michigan Farm Bureau applauded the coalition’s goal.

“Michigan Farm Bureau continues to support restoring local decision-making for large-scale wind and solar operations,” Matt Kapp, Michigan Farm Bureau government relations specialist, said in a statement. “Renewable projects have a major impact on rural communities, and our members believe that local leaders

who live in those areas are better suited to make those decisions than unelected government officials.”

Michigan aims to meet all its energy needs with renewable energy by 2050. As of 2022, 12% of Michigan’s electricity generation flowed from renewable sources, according to the U.S. Energy Information Administration. The state plans to increase its use of wind and solar energy, whose installations consume a significant amount of land and will likely be located in rural Michigan.

Michiganders can start petitions to change laws or amend the state constitution. They must gain enough valid signatures to place a question on the ballot or have a majority of lawmakers advance the idea through bills.

The Michigan Energy Innovation Business Council approved the 2023 law. “[T]hese critical siting reforms will help avoid higher energy costs for the average Michigan household while creating

jobs and making our economy more competitive,” it posted on social media.

But Neil Sheridan, executive director of the Michigan Township Association, said local authorities and residents should have the final say in whether to allow large-scale renewable energy projects.

“The Citizens for Local Choice ballot initiative aligns with MTA’s long-standing, firmly held belief in the essential need and value of local authority, and in residents and local officials having the final say in issues that impact their community and quality of life,” Sheridan said in a statement. “The Association supports local siting authority over utility-scale renewable energy facilities by Michigan’s local governments. MTA remains committed to fending off any effort that seeks to strip away local control from our communities.” ■

The original version of this story was posted online on May 31, 2024 and is available at [MichCapCon.com/32000](https://michcapcon.com/32000).

Lawmaker: \$4.4B of corporate subsidies is ‘legislative malpractice’

Rep. Dylan Wegela says money should have funded infrastructure, schools and communities

BY SCOTT MCCLALLEN

Since 2023, Michigan has authorized \$4.4 billion of select corporate business subsidies.

Assuming that money is fungible, what could it have bought Michiganders?

The average price of a ticket to a Taylor Swift concert in 2023 was \$1,088, as calculated by CNBC. At that rate, Michigan could have bought Taylor Swift tickets for 40% of the state population.

Or, Michigan taxpayers could have bought 33 million days — 90,000 years and then some — at Disney World via \$130-day passes.

The money could have funded child care and living expenses for the roughly 10,000 Michigan kids in foster care. It could have lowered Michigan’s personal income tax rate to 2.85%, down from 4.25%.

Rep. Dylan Wegela, D-Garden City, told CapCon that the giveaway should be considered “legislative malpractice.”

He cited a 2023 report from the Public Service Consultants, which estimates Michigan underfunds transportation infrastructure by \$3.9 billion, and an Education Law Center report that said public education is underfunded by \$4.5 billion.

“Michigan’s \$4.4 billion in corporate handouts should be considered legislative malpractice,” Wegela wrote in a text message. “This transformational sum of taxpayer dollars should have been used to give the people of Michigan the high quality public schools, infrastructure, and strong communities they deserve.”

“Simply put, public dollars should stay in public spaces and be used for the good of all,” Wegela wrote. “Healthy, affordable, and functional communities are the real, long-term incubators for job creation, not short-sighted, billion-dollar handouts. If we truly want to have a state that serves our communities, we must end this system of corporate greed and instead prioritize the people.”

Michigan is fighting population loss. The state has lost 33,400 people over the

past five years, a 0.3% decrease, according to Mackinac Center Research. Meanwhile, the national population grew by 1.9% over the same time.

John Mozena, president of the Center for Economic Accountability, said that previous subsidies gave taxpayers a bad return on investment.

“The state’s taxpayers have pumped billions and billions of dollars into programs that promised growth and prosperity, only to get stagnation and frustration in return,” Mozena wrote in an email.

For example, Mozena said that Michigan promised Ford Motor Co. \$1.7 billion for its electric vehicle plant in Marshall before the company cut 800 jobs amid low consumer demand.

“If medicine doesn’t make you more healthy, you stop taking it,” Mozena wrote. “If a diet doesn’t make you skinnier, you stop following it. If an exercise doesn’t make you stronger, you stop doing it. Corporate welfare isn’t making Michigan’s economy any better, so it’s time to stop funding it.”

Sen. Aric Nesbitt, R-Porter Township, said that Michigan Democrats have reverted to the failed policies of picking winners and losers with taxpayer dollars.

“The past 18 months have seen Governor Whitmer and the Democrat majority blow a \$9 billion budget surplus on multinational corporations, union bosses, and West Coast environmentalists,” Nesbitt wrote in a text message. “Furthermore, this Governor decided to rack up our state debt on overpriced road construction (thanks to prevailing wage) and raiding the teacher pension fund.” ■

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New bipartisan innovation fund proposal reminiscent of past state grant program

The previous program cost more than \$274,000 per job per year

BY JAMIE A. HOPE

A bipartisan initiative in Lansing aims to spend \$105 million of taxpayer money on a business startup program that some say is reminiscent of the 21st Century Jobs Fund.

Under the Granholm administration in 2005, lawmakers allocated \$137 million in Competitive Edge Technology Grants. The companies that received the money projected 794 jobs would result. Those companies currently have 22 jobs, according to the Michigan Strategic Fund’s fiscal year 2023 report.

The new initiative, the Michigan Innovation Fund, aims to create 5,000 jobs. If the idea were enacted into law, it would allocate \$105 million to five Michigan nonprofit organizations that would award the money to new business startups.

Reps. Greg VanWoerkom, R-Norton Shores; Jason Hoskins, D-Farmington; and Alabas Farhat, D-Dearborn; sponsored legislation to create the fund.

Hoskins and Farhat did not respond to requests for comment. VanWoerkom said in a statement that the bill would pull money from Venture Michigan funds, which have seen returns exceeding \$100 million.

“This plan is an opportunity to make our state more competitive nationally by propping up young businesses that create jobs and breed innovation,” said VanWoerkom.

Lawmakers originally earmarked \$400 million for the 21st Century Jobs Fund, but they recently allocated an additional \$225 million over the next three years, according to James Hohman, director of fiscal policy at the Mackinac Center for Public Policy.

John Mozena, president of the Center for Economic Accountability, told Michigan Capitol Confidential that taxpayers would bear the risk but not the reward of investing in companies backed by venture capital.



Photo by Shutterstock

“The entire idea of investing in venture capital is that it’s high risk and high reward for people who put their money into these funds,” Mozena wrote in an email. “But when it comes to taxpayers, this model has all the risk of traditional venture capital investing, but none of the potential reward.”

A 2020 Mackinac Center study said the previous program created jobs at a cost of between \$274,800 and \$330,600 per job per year.

“We found that the programs created jobs but had to offer between \$274,800 and \$330,600 of incentives per job per year,” the study concluded. “Even if the new jobs paid \$400,000 each, they would not return to the treasury what was necessary to create them.”

Mike LaFaive, Senior Director of the Morey Fiscal Policy Initiative, who wrote the study, told Capcon that the program is costly and repetitive.

“This is tiresome,” LaFaive wrote in an email. “We’ve been here before with Gov. Granholm’s 21st Century Jobs Fund. It’s not an effective jobs program.”

In 2013, The Michigan Office of the Auditor General found that the jobs fund only produced 19% of the promised jobs, or 96 jobs out of a projected 500. ■

The original version of this story was posted online on May 20, 2024 and is available at [MichCapCon.com/31935](https://michcapcon.com/31935).

Nessel to sue fossil fuel industry, but still flies over driving

Nessel's flights cost a total of \$6,202

BY JAMIE A. HOPE

Attorney General Dana Nessel said in a May 9 press release that Michigan intends to sue fossil fuel companies over alleged contributions to climate change, as CapCon previously reported.

Nessel claims these companies have had a climate impact, and she seeks private law firms to submit proposals to partner with the state to sue oil and gas firms for that alleged impact.

"The fossil fuel industry, despite knowing about these consequences, prioritized profits over people and the environment," Nessel claimed in a press release. "Pursuing this litigation will allow us to recoup our costs and hold those responsible for jeopardizing Michigan's economic future and way of life accountable."

Results from a Mackinac Center records request sent to the attorney general's office show that Nessel travels on a state-owned plane instead of driving. Nessel took seven flights powered by fossil fuels from January 2022 through May 2024. Two were commercial flights to Washington, D.C., and back; five were within Michigan. All were taxpayer-funded at a total cost of \$6,202, public records show.

Flight records show Nessel flew from Oakland to Traverse City to Marquette to Alpena to Lansing from August 17 to 19, 2022. The most expensive flight was from Oakland to Mackinac Island and back for \$1,457.50.

The state of Michigan owns two similar



airplanes, according to the Federal Aviation Administration. One aircraft is a Cessna 182R, which burns around 14 gallons per hour, according to BWI Fly.

Nessel chose to fly instead of driving an electric vehicle. But in April, Nessel joined a multistate coalition to defend Environmental Protection Agency rules requiring about 67% of new car sales to be electric by 2032.

"The EPA's Final Rule is a critical step in reducing the amounts of harmful pollutants in our air," Nessel said in a statement. "By curbing these emissions, we not only protect the environment and public health, but also unlock economic opportunities in cleaner technologies in the Motor City."

Range anxiety, vehicle cost, and inconvenient charging are barriers to adopting EVs. Michigan is 2.3% of the way toward reaching its goal of 2 million EVs by 2030. ■

The original version of this story was posted online on June 13, 2024 and is available at [MichCapCon.com/32014](https://michcapcon.com/32014).

AAA survey: 63% of US adults say it's 'very unlikely' next vehicle purchase is electric

Barriers to EV adoption are cost, inconvenient charging, and range anxiety

BY SCOTT MCCLALLEN

The 2024 AAA annual consumer survey on electric vehicles shows declining consumer interest compared to last year.

Only 18% of U.S. adults say they would be "very likely" or "likely" to buy a new or used EV (not a hybrid). That's down from 23% last year. Also, 63% said they are "unlikely or very unlikely" to choose an EV for their next car purchase.

AAA provides roadside assistance, discounts, and financial and insurance services to over 64 million members across North America.

"Early adopters who wanted an EV already have one," AAA Director of Automotive Research Greg Brannon said in a statement. "The remaining group of people who have yet to adopt EVs consider the practicality, cost, convenience, and ownership experience, and for some, those are big enough hurdles to keep them from making the jump to fully electric."

Consumers' main barriers to buying EVs are cost (60%), inconvenient charging options (54%) and range anxiety (53%).

About 30% of respondents said they couldn't install a charging station where they live. Other consumers (57%) said electric vehicle battery repair is costly.

The survey also found that one in three U.S. adults (31%) say they would be "very likely" or "likely" to buy a hybrid, which comes with less range anxiety.

"Deciding to make the leap to full

electric may feel overwhelming for many consumers, and a hybrid option may be the way to bridge this gap," AAA's Brannon said. "Consumer demand will ultimately dictate the future, and my prediction is that we will have a mix of EVs, hybrids and internal combustion vehicles in dealerships and on the roads in the U.S. for many decades ahead."

Michigan consumers are also hesitant to buy EVs. The state is 2.3% toward its 2030 EV registration goal of 2 million, with 46,792 vehicles registered statewide.

The U.S. Department of Energy says the Wolverine State has 1,533 stations with 3,577 charging ports. Michigan aims to build 100,000 charging stations by 2030.

The survey was conducted from April 4-8, 2024. Most surveys were completed online while others were conducted over the phone.

A total of 1,152 interviews were completed among U.S. adults, ages 18 years or older. The margin of error for the study overall is plus or minus 4% at the 95% confidence level. ■

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Short-term rental bills seek tax hikes, more regulations

Proposed legislation targets owners who rent property for more than 14 days per year

BY JAMIE A. HOPE

Owners of short-term rentals may have to deal with more regulations and additional taxes under a new package of bills introduced in the Legislature.

House bills 5437-5446 aim to create the Short-Term Rental Regulation Act, which would subject certain short-term rental owners to new regulations. The regulations would apply to property rented for more than 14 days in a calendar year. Existing local ordinances would remain.

The bills would also apply to hosting platforms such as Airbnb and VRBO, which would have to pay an annual registration fee equal to \$100 per listing, not to exceed \$50,000 per year.

State Rep. Joey Andrews, D-St. Joseph, said the bills seek to allow local government

to regulate short-term rentals.

“In communities all over Michigan — especially, but not exclusively, communities such as those I represent along the lakeshore — STRs are creating regulatory headaches at best and serious safety concerns at worst,” Andrews said. “It’s long past time we put some reasonable guardrails in place to allow local governments to address STRs, respect the needs of permanent residents and bolster our tourism economy.”

The bills would impose registration requirements, safety regulations, and obligations to file paperwork with the state treasury department.

Mark Florian is a trustee of Berrien County’s Lincoln Charter Township and a short-term rental owner. He opposed the plan at an April 17 committee hearing.

“We have an ordinance that regulates short-term rentals,” Florian said. “If we need another law or package of laws to enshrine a law or power that already exists then maybe we need to take a step back and remove the ambiguities within the current laws.”

Short-term rental owners already pay a 6% use tax on rental income. If the bills pass the House and Senate and are signed into law, short-term rental owners renting more than 14 days per calendar year will have to pay an additional 6% accommodations tax, which hotels and motels pay.

Short-term rentals would also be subject to an additional 5% excise tax not imposed on hotels and motels.

For example, the owner who charges \$1,000 for rental property, would have to pay \$60 in use tax, a \$60 accommodations

tax, and a \$50 excise tax. That is \$170 or 17% of the property owner’s earnings.

The nonpartisan House Fiscal Agency estimated, using limited data on the short-term rental market, that the 6% excise tax in House Bill 5438 could generate between \$35 million to \$70 million annually.

The plan proposes civil fines of \$1,000 for short-term rental owners who violate the act or a \$5,000 fine for hosting platforms.

Under the plan, rental owners must insure each rental unit with a minimum of \$1 million in liability insurance.

HB 4537 was referred to the Committee on Labor. ■

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Business scorecard shows Michigan still in COVID business slump

Report says Michigan lags behind Midwest neighbors

BY SCOTT MCCLALLEN

The latest edition of an annual scorecard says Michigan’s economy hasn’t fully rebounded since COVID. But it finds some bright spots among small businesses and female entrepreneurs.

The Small Business Association of Michigan’s Entrepreneurship Score Card assesses the state’s entrepreneurial economy compared to that of other states.

“The Score Card consistently shows that small businesses play an indispensable role in our economy in both good and bad economic times,” SBAM President and CEO Brian Calley said in a statement. “While there has been impressive rebound in some areas, Michigan’s economy has not shown its typical exuberance and is now lagging behind neighboring states.”

The report noted that over a 20-year period, Michigan seized and then dropped a leading position in net new jobs from

business expansions.

Between 2011 and 2019, Michigan’s job growth made it one of the best-performing states in the region. Since the 2020 COVID recession, Michigan has continued to decline toward becoming the lowest-performing state.

The per capita income gap between Michigan and the rest of the nation has worsened in the last 20 years.

Michigan saw small business growth between 2012 and 2018, but that progress deteriorated after 2020.

The report noted that since the mid-2010s, Michigan’s small business survival rate has improved. Michigan also ranks in the Top 10 for R&D and high-tech workforce jobs.

Michigan faces a projected population loss of around 700,000 residents by 2050, according to a Citizen’s Research Council of Michigan report. The population loss

might be exacerbated by the state’s falling labor force participation rate, which has been dropping for 20 years.

New business formations continue to drive job growth and diversify Michigan’s economy.

The fastest-growing businesses, by size, have been the smallest ones — those with one to nine employees. Their number increased by 30% in the past 20 years.

Sole proprietors have become more prevalent, and smaller businesses have seen faster growth than large ones. Payrolls have grown among the smallest businesses by 103% in the last 20 years, nearly double the increases seen by large businesses.

The income of Michigan’s sole proprietors has, in the past 10 years, grown faster than the national average. Michigan exceeds the national average in another category: the share of businesses owned by women.

Rep. Ken Borton, R-Gaylord, blamed

Democratic policies for the economic slump. In 2022, voters gave Democrats a political trifecta, with control of the Michigan House, Senate, and governor’s office.

“Under Republican leadership, Michigan made a comeback, but now small-business growth, job creation, and family incomes are lagging on Democrats’ watch,” Borton told CapCon in an email. “Destructive Democrat laws are raising taxes, hiking electricity costs, and adding new burdens on employers. Michigan needs a bold, coordinated economic growth plan, and House Republicans are leading the way with plans to cut red tape, measure program performance, reverse Democrats’ income tax hike, and restore the right to work so business can grow and people can succeed.” ■

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