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Whitmer wants to tax large companies, pot to fix potholes

Second-term governor calls on large companies to pay 'fair share' for road plan

BY SCOTT MCCLALLEN

Gov. Gretchen Whitmer proposed a long-term road funding plan that includes hiking marijuana taxes, imposing more taxes on large corporations, and cutting about half a million dollars in spending.

The two-page plan says it will levy \$1.6

billion by requiring large corporations and big tech "to pay their fair share." It is unclear which large corporations would be taxed and what spending would be cut.

The plan's funding hinges on redirecting \$500 million in unspecified costs to fix the roads.

Whitmer wants to add the wholesale tax,

applied to smoking products like cigarettes, to marijuana. She says that using pot revenue to fix potholes would add another \$470 million.

Those three changes would raise about \$2.6 billion in revenue. Whitmer also wants to spend \$250 million on local bus service.

"Michiganders deserve world-class transit, roads, bridges, and infrastructure," Whitmer's road funding plan said. "Let's work together to fix the damn roads for good and build a brighter future for every Michigan family."

About 87% of the Michigan companies that pay the corporate income tax have fewer than 100 employees, according to the Michigan Chamber of Commerce.

"Fixing our state's outdated roads and bridges is a key priority for Michigan Chamber members, but not at the expense of our small businesses and our state's economic competitiveness," said Wendy Block, senior vice president of business advocacy for the Michigan Chamber, told Michigan Capitol Confidential in an email. "That's why raising the corporate income tax (CIT) is simply not a viable solution. We look forward to having this critical discussion and policymakers enacting a bipartisan, long-term, fiscally responsible investment plan."

Michigan's corporate income tax rate is already higher than the rate of half the states, including Ohio and Indiana. About 16 states have cut their corporate income tax rates since 2018, Block added.

Michiganders don't need new taxes, said state Rep. Ken Borton, R-Gaylord.

"These taxes could include businesses, retail delivery services like Lyft and Uber, towing, heavy truck parking, and internet advertising," Borton said in a news release. "It seems like she decided to put a tax on whatever came across her stream of consciousness during whatever planning process she made time for on her book tour. Our proposal would put more money toward our roads and do it without raising taxes."

Republican lawmakers support a separate \$3 billion road funding plan that does not call for raising taxes. The plan would pull \$1 billion from subsidy programs, \$600 million from the general fund, \$500 million from legislative earmarks, and \$500 million from the corporate attraction fund. It would dedicate all taxes paid at the pump to fixing the roads, which is expected to raise \$945 million each year for local roads.

Whitmer's recommendations for an \$83.5 billion state budget include funding for 800 new state employees and \$1 billion more in spending. It does not suggest a funding mechanism for fixing the roads. ■

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Granholm's Energy Department ignored warning about conflict of interest in \$14B of loans given to Michigan energy companies

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Whitmer's \$83.5B budget won't fix the roads, lawmakers say

Critics chide her lack of road funding plan

BY JAMIE A. HOPE

Republican lawmakers are pushing back against a new budget that is on track to increase state spending by 47% since 2018 and contains no plan to fix the state's roads.

Whitmer's \$83.5 billion proposal for the 2026 state budget adds \$1 billion in spending to the current year's total. That total is 47% higher than the \$56.8 billion budget in 2018, the year before Whitmer took office.

Whitmer made fixing the roads a key part of her 2018 election campaign. Her next budget proposal does not contain any mechanism for achieving that goal.

The governor's budget calls for spending increases, Rep. Donni Steele said in a press release, but it fails to address the road problem.

"The governor's proposal includes a billion dollar increase to the state budget over last year, which includes 800 new state employees and no additional funding to fix local roads," the Orion Township Republican said.

Spending on education is a key point of disagreement between Whitmer, a Democrat, and Republican legislators. Whitmer proposed increasing public school funding by \$800 per pupil, with charter schools getting an \$18 increase for each student.

"It's outrageous and offensive that anyone would feel that charter school students are only worth about 2% of what other students are worth," said Dan Quisenberry, president of the Michigan Association of Public School Academies, a charter school association, in an email to Michigan Capitol Confidential.

Government waste should be cut so that Michigan families, many of whom who are considering leaving the state, can get tax cuts, said Rep. Parker Fairbairn, R-Harbor Springs

"People across Michigan are struggling right now, yet the governor continues to propose increased government spending instead of returning those tax dollars to the people who earned them," Fairbairn wrote in an email to CapCon.

Other Republican members of the House called the overall budget bloated, but the parties could find common ground, Rep. Ann Bollin, R-Brighton Township, said in a statement.

"Some of the governor's recommendations fall right in line with the priorities Republicans in the House have been highlighting," Bollin wrote, "making life

more affordable, making sure our kids receive a quality education, and making our communities safer." Bollin chairs the House Appropriations Committee.

The governor said that her budget plans will "lower costs and help Michiganders combat inflation, improving financial stability for residents."

Lawmakers look forward to crafting the budget, according to Sen. Sarah Anthony, D-Lansing, chair of the Senate Appropriations Committee.

"I look forward to working with Gov. Whitmer to build on our past successes, and I welcome Chair Bollin to the budget process with the hope that we will approach it with the same sense of integrity, fiscal responsibility, and commitment to delivering for every Michigander," Anthony wrote in an email to CapCon.

The budget continues to provide taxpayer-funded meals for all K-12 students and cover some of the cost of tuition for college students.

This is the kind of excessive government spending that can lead to an inflation increase, said Sen. Thomas Albert, R-Lowell.

"Excessive government spending, both state and federal, is a major cause of the inflation that has hurt families in Michigan and across the nation the past few years," Alberts said.

Michigan should pass a sustainable budget based on what the state collects and spends from its taxes and fees, said James Hohman, fiscal policy director at the Mackinac Center for Public Policy.

"Lawmakers should pass a Sustainable Michigan Budget and increase spending by no more than inflation plus the growth of the state population," he told CapCon.

Hohman suggested the state spend a maximum of \$48.5 billion in state funds. Whitmer's 2026 budget recommends spending \$48.1 billion. ■

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DNR expert speaks for the trees

Push for solar power could 'greatly increase deforestation in Michigan'



Photo by Pexels

BY SCOTT MCCLALLEN

New clean energy laws might encourage developers to raze Michigan's forests, a forestry specialist in the Department of Natural Resources, wrote to DNR colleagues in a March email.

Michigan law calls for the state to derive 50% of its power from renewable energy by 2030. The law increases that requirement to 60% renewable by 2035 and a 100% "clean energy portfolio" by 2040.

Renewables provided 11% of Michigan's electricity net generation in 2023, with wind energy providing 64% of that amount, according to the U.S. Energy Information Administration.

Michigan must balance the goal of lowering carbon emissions with protecting Michigan's 20 million acres of forest, Mike Smalligan, a forestry stewardship coordinator for the Department of Natural Resources, said in an email Michigan Capitol Confidential obtained through a public records request.

"Michigan has net zero deforestation right now, but the clean energy laws might have the unintended consequences

increasing deforestation clearing forests for solar," Smalligan wrote to colleagues March 21, 2024.

Michigan might need to use as many as 209,000 acres for solar panels and wind turbines, CapCon previously reported.

"Right now Michigan is net zero on deforestation losing 46,119 acres of forest to urban sprawl and gaining 48,188 acres of forest, likely from abandoned agriculture," Smalligan wrote. "These are 2020 data and I am very worried that the clean energy bills demanding tons of solar will greatly increase deforestation in Michigan in the next 5 years. I am hearing stories about 600-acre, 1,000-acre, and 2,000-acre deforestation events for solar near Gaylord and Marquette."

The state leases 4.6 million acres of public lands for forestry, public recreation, hunting and wildlife habitat management, among other uses, according to DNR public information officer Ed Golder.

"State land is currently leased for gas and oil wells and processing facilities, pipelines and flowlines, mines, sand and gravel pits, an asphalt plant and cell phone towers," Golder wrote in an email to CapCon. "All

of these uses are carefully regulated, meet high standards of environmental care, and demonstrate the variety of state land uses that can benefit residents and the economy. The DNR's approach to land management and leasing balances the state's economic needs with our mission of conservation and sustainability."

The state has leased more than 350,000 acres of public lands for oil and gas development and issued over 10,000 drilling permits, compared to two solar development leases on public lands that cover 1,324 acres, Golder said.

"To date, no part of the land leased for solar has been developed with solar panels," Golder said.

Once those solar panels start generating power, some of the revenue derived from them will fund future solar projects, Golder said.

"Thus, there will be no net loss of forest land on state managed public land," Golder wrote. "In fact, once solar leases run their course and previously forested acres used for solar have been returned to forest land, there will be a net gain in forest land in the

department's public land portfolio."

The state will devote no more than 4,000 acres of state-managed public lands for solar development – less than one-tenth of one percent of the DNR's overall public land ownership Golder wrote.

Building wind and solar projects is expensive and risky, but they only provide intermittent energy, said Jason Hayes, director of energy and environmental policy at the Mackinac Center for Public Policy, in an email to CapCon.

"The governor has said Michigan must move to solar and wind power," Hayes wrote. "But these technologies are inherently unreliable, and it takes a lot of solar and wind installations to make up for the loss of fossil fuels. Even then, they are not economical, absent government support. Finally, Michigan is too far north and has too many cloudy days for us to depend on these questionable energy sources." ■

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Michigan has achieved 0.2% of state fleet transition goal

State needs to buy 14,452 more EVs

BY SCOTT MCCLALLEN

The state of Michigan has achieved about 0.2% of its goal to transition its 14,482-vehicle fleet to zero-emission vehicles, according to information obtained through a records request.

Michigan has 30 electric vehicles, according to documents Michigan Capitol Confidential obtained from the Michigan Department of Technology, Management, and Budget. Having zero-emissions replacements for today's vehicles will require state government to buy or lease about 14,452 EVs.

The MI Healthy Climate Plan calls for Michigan to make its light-duty vehicle fleet emissions-free by 2035, with a 2045 goal for medium- and heavy-duty vehicles.

"To lead by example on this path, the State of Michigan will transition its fleet to 100 percent zero-emission vehicles by 2035 for light-duty vehicles and 2045 for medium- and heavy-duty vehicles," the plan says.

The state currently has 29 electric vehicles on hand, with another one on order that has not yet arrived. Below is the breakdown of those vehicles by year, make, model, and price estimate:

- Six 2025 Chevy Silverado EVs: \$57,096-\$93,000
- One 2025 Chevy Silverado EV that has not arrived yet: \$57,096-\$93,000
- Four 2024 Chevy Silverado EVs: Around \$90,000
- One 2024 Ford Mustang Mach-e: \$45,390
- Ten 2024 Chevy Equinox EVs: Starts at \$41,900.
- Two 2024 Chevy Blazer EVs: Pricing starts at \$50,195
- One 2023 Chevy Bolt: \$17,232-\$19,493
- Three 2023 Ford F150 Lightning: \$49,995
- Two 2021 Chevy Bolts: \$37,495-\$42,695

Of the state government's 14,482-vehicle fleet, 5,415 vehicles are owned and 9,067 are leased. Most (8,739) are on-road vehicles, but 279 are off-road vehicles, and 49 are pieces of equipment without the ability to move themselves.

About 50,000 EVs are registered statewide, but Michigan's climate plan calls for residents to buy 1.95 million more by 2030. To reach that goal, Michiganders must register 32,500 electric vehicles monthly for the next five years.

Gov. Gretchen Whitmer's plan for an all-EV state fleet is completely unrealistic, Rep. Cam Cavitt, R-Cheboygan, told CapCon in an email.

"She's trying to replace state cars and vans that are still in good shape with new, sometimes unreliable electric vehicles in a short time frame," Cavitt wrote. "The plan is expensive, ineffective, and it's driven by a left-wing ideology. The EV fleet shows this administration cares more about checking boxes for activists than serving Michigan taxpayers."

It's unrealistic to believe that Michigan will transition its entire fleet to zero-emission vehicles within the next



Photo by Shutterstock

20 years, said Gary Wolfram, an economics professor at Hillsdale College and a member of the Board of Scholars at the Mackinac Center for Public Policy.

"First, in the latest quarter electric vehicles make up less than 9% of total vehicle sales," Wolfram wrote in an email to CapCon. "While this share is growing, it is at a slow rate and most vehicles will still be gasoline-powered 20 years from now. Second, while it may be cheaper to run an electric vehicle since it does not use gasoline, the initial cost of an EV is \$17,000 more than a gasoline-powered vehicle. This will be considered by the legislature when putting together the annual budgets. Third, there is the problem of having enough charging stations to allow lengthy or frequent travel for vehicles in the fleet."

"Supply chain and vehicle availability issues persist,"

according to the state's vehicle plan.

While EV technology might replace gas and diesel engines one day, today is not the day, said Jason Hayes, director of energy and environmental policy at the Mackinac Center for Public Policy.

"Automobile manufacturers are already building internal combustion engine vehicles that have far lower emissions than earlier models," Hayes wrote in an email. "Current ICE vehicles are efficient, clean, safe, (relatively) inexpensive, and simple to maintain."

Whitmer's office hasn't responded to a request for comment. ■

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Photo by Pexels

Granholm's Energy Department ignored warning about conflict of interest in \$14B of loans given to Michigan energy companies

Inspector general warned that energy projects posed fraud risk

BY JAMIE A. HOPE

Former U.S. Energy Secretary Jennifer Granholm awarded \$14 billion in below-market loans to Michigan energy companies before leaving office, despite an Energy Department alert about conflicts of interest.

Inspector General Teri L. Donaldson warned Granholm's undersecretary for energy infrastructure in December that the Energy Loan Programs Office was administering more than \$385 billion in new loans without an effective system to manage conflicts of interest.

"This poses a significant risk of fraud, waste, and abuse," Donaldson wrote. "The projects funded with this authority, which involve innovations in clean energy, advanced transportation, and tribal energy are inherently risky in part because these projects may have struggled to secure funding from traditional sources such as commercial banks and private equity investors."

DTE Gas Clean Energy will get \$1.64 billion from the Energy Department's Loan Program Office. DTE Electric Clean Energy will get \$7.17 billion, Consumers Energy Clean Energy will get \$5.23 billion. AEP, an Ohio-based company, will get \$1.6 billion for transmission projects across several states, including Michigan.

Granholm's former campaign benefactors in the energy industry received hefty loans even though the inspector general warned against the move, The Washington

Free Beacon reported.

"The Federal Government prohibits conflicts of interest to safeguard the taxpayers against self-dealing, collusion, and fraud by Government officials and Government contractors," Inspector General Donaldson wrote.

Donaldson wrote that taxpayer funds are often treated like Monopoly money. "For this reason, implementing and overseeing robust conflict of interest protections is a critical role for Federal officials."

The department did not respond to a request for comment.

DTE Energy and CMS Energy, of which Consumers Energy is a business unit, have a government-supported monopoly in Michigan. The for-profit energy companies received more than \$14 billion from the federal Energy Department in December.

Michigan Potash Company LLC will receive a conditional loan guarantee of up to \$1.26 billion, according to separate announcement from the energy department.

When Granholm was governor, she awarded the chemical company Dow \$108.3 million in state financial incentives. Granholm announced the payout in February 2010.

As governor, Granholm was term-limited and left office in January 2011. She was appointed to Dow's board of directors in March of that year, according to Business

Wire. At the time the position paid between \$150,000 and \$200,000 annually, according to MLive. She left the board in October of the same year, Business Wire reported.

Granholm also came under fire as energy secretary for failing to divulge her husband's ownership of stock in Ford Motor Co. She violated stock disclosure laws nine times in one year by failing to report stock transactions within 45 days, according to a 2022 CNBC report.

In August 2023, the U.S. House Science, Space and Technology Subcommittee and the Subcommittee on Oversight and Investigations sent a letter to Granholm about the violations.

Rep. Jay Obernolte, R-California, chairman of the investigation committee and then-Rep. Brandon Williams, R-New York, sent a letter to Granholm, citing a "well-documented culture of disregard for standard public disclosure requirements" at the department.

The letter came after the department announced a \$9.2 billion loan commitment to a joint venture between Ford and a Korean battery company. The two Republicans demanded the Energy Department develop better processes for compliance with ethics and disclosure requirements. ■

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Whitmer's latest pitch for Michigan's auto dominance: 'We don't care what you drive'

Statement makes a turn from governor's push for electric vehicles

BY SCOTT MCCLALLEN

Gov. Gretchen Whitmer appears to have reversed her plans for an all-electric vehicle future before President Donald Trump revoked a 2021 executive order that called for 50% of new vehicle sales to be electric.

Now, she just wants Michigan to remain the nation's top auto manufacturer.

"We don't care what you drive – [a gas-powered vehicle], hybrid, or EV – we just care that it's made right in here Michigan," she said in her "Road Ahead" address.

Southern states, including Georgia, Tennessee, and South Carolina, have attracted auto plants, Whitmer said.

"Some of them are just writing blank checks to companies," Whitmer said. "Well, that's bad."

"The future of the entire auto industry is at stake. The very core of Michigan's economy is on the line."

The apparent change of heart follows Michigan offering at least eight companies more than \$1 billion each in taxpayer funding through cash-for-jobs programs since 2021, The Detroit News reported.

The Michigan Economic Development Corporation said "All we do is win," but the reality is starkly different, according to a recent study.

Only one of every 11 jobs promised by Michigan politicians and public officials in announcements about business subsidies gets created, according to a study by the Mackinac Center for Public Policy.

The Mackinac Center found that only 9% of the jobs announced in major state-sponsored deals from 2000 to 2020 were created.

Since 2023, Michigan has promised \$4.6 billion in subsidies to select, favored corporations.

In one instance, Michigan paid out \$600 million to a General Motors and Ultium joint venture before it created any jobs, The Detroit News reported.

About 50,000 electric vehicles are registered in Michigan. Whitmer wants 2 million EVs by 2030, according to the MI Healthy Climate plan.

To reach that goal, Michiganders must register 32,500 EVs monthly for five years.

Electric vehicles aren't the only car choice, Rep Dave Prestin, R-Cedar River, told Michigan Capitol Confidential in a text message.

"This one-track mindset has devastated the auto industry by crippling the free market and taking choices away from Michigan drivers," Prestin wrote.

A rule from the U.S. Environmental Protection Agency required about 67% of new light-duty and medium-duty sales to be electric by 2032. ■

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Whitmer urges new taxes to fix Michigan roads

Tax could target gas, mileage, or tolls

BY JAMIE A. HOPE

It's a new legislative term, and one of Gov. Gretchen Whitmer's first calls for action was to increase taxes.

"To my friends in the GOP: fixing the roads in a sustainable way means looking for new, fair sources of revenue," Whitmer said in a Jan. 16 press release.

Whitmer's primary campaign promise in 2018 was to fix Michigan roads. Seven years later, the governor is still talking about roads. But her latest comments did not say where the increased revenue will come from. Options could include raising the gas tax, enacting toll roads, or creating a mileage tax.

"We can't just cut our way to better roads. Defunding public safety or public health is not the way to fix potholes," Whitmer added in the press release.

Sen. Aric Nesbitt, R-Paw Paw, used a Jan. 16 social media post to criticize Whitmer's handling of roads.

"She had 6 years, a 40% increase in state revenue, a legislative trifecta and a \$9 billion dollar surplus," Nesbitt wrote on X.

Nesbitt criticized Whitmer's spending priorities, which have been dominated by corporate handouts, and he said the governor does not have a long-term plan to fix the roads.

"Governor Whitmer's speech on Wednesday proved she heard nothing the people of Michigan said this past November," said Nesbitt in an email to CapCon. Nesbitt recently announced that he will run for governor in 2026, when Whitmer will be term-limited out of office.

Michigan Capitol Confidential reported in April that the share of roads assessed as in good or fair condition will drop over the next year.

The Transportation Asset Management Council reports that 25% of Michigan's roads were in good condition in 2024, while 38% were in fair condition, and 37% were in poor condition.

But the share of roads in good condition will drop to 20% by 2034, the

council said. The share in fair condition will drop to 32%, and the share in poor condition rise to 48%.

The council is expected to update those numbers in a new report to be published in the first half of the year.

In the months before Whitmer took office, projections for road conditions showed a slight improvement and then a slight decrease in the percentage of good/fair roads.

"The governor could have improved road quality by spending more of the state's growing budget on road repair," said James Hohman, fiscal policy director at the Mackinac Center for Public Policy. "She spent gains on corporate welfare and pork instead."

Shortly after taking office in 2019, Whitmer proposed a 45-cent gas tax increase, an idea that a House Democratic leader declared dead by August 2019. During the COVID-19 pandemic, Michigan received a large cash infusion in federal aid and it had a \$9 billion surplus during the 2023-2024 legislative term. Lawmakers spent most of it, though not to ramp up spending on roads. Under a one-term Democratic trifecta, the state promised \$4.6 billion in corporate subsidies.

Though the governor is calling again for more taxes, newly elected House Speaker, Matt Hall, R-Richland Township, has other ideas. Hall proposed a plan on Jan. 16 to use \$3.1 billion in annual revenue to fix local roads without raising taxes. The plan would pull \$1 billion from subsidy programs, \$600 million from the general fund, \$500 million from legislative earmarks, \$500 million from the corporate attraction fund. It also would rely on dedicating to the roads all taxes paid at the pump, expected to raise \$945 million.

Whitmer did not respond to an email seeking comment. ■

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Flint bureaucracy keeps water turned off during freezing winter, landlord says

Flint renters caught in catch-22 over rental inspections, water services



BY SCOTT MCCLALLEN

Landlords sued the city of Flint twice in 2024 after red tape wrangled residential and commercial tenants into a catch-22. The landlords want the city to turn on the water, but first, they need a city rental inspection.

They can't get the rental inspection unless the water is turned on, according to three landlords interviewed by Michigan Capitol Confidential.

There are 15,000 rental units in the city of Flint. But only 1,200, or 8% of the total, have been granted rental certificates, according to information CapCon received through an open records request.

The city has three inspectors to grant the certificates, according to the record request, meaning each inspector is responsible for reviewing 5,000 rentals over a three-year period.

The city will place water service under the landlord's name, but if the tenant doesn't pay the bill, the city places a lien on the property. The city won't give a water affidavit — a document that places the water bill in the tenant's name — to the tenant until that person acquiesces to a city inspection.

Emily Doerr, Flint's director of planning and development, wrote a December 2023 letter to the Flint City Council, explaining the inspection process. Landlords, Doerr wrote, must pay a one-time rental

registration fee of \$250 and then a rental inspection fee of \$225 to ensure that their property complies with the 2021 International Property Maintenance Code. Both the state of Michigan and the city of Flint rely on the code.

The city's rental inspection program applies to tenants, who make up almost 50% of Flint's residents, according to Doerr.

Landlords can get water turned on for tenants if it's kept in the landlord's name, Doerr told CapCon in a phone interview. If a tenant doesn't pay the water bill, either the city or the landlord gets stuck with the bill.

"That's not my problem. They [landlords] aren't entitled to having the water in their tenant's name," Doerr told CapCon. "They are the property owner."

"The only way we'll turn the water on in the tenant's name is if it's a licensed rental," Doerr said, adding that the license means the city knows that the property is safe and up to code.

The city has added three additional rental inspectors in the last year and a half so it can usually schedule a rental inspection within 10 business days, Doerr said.

"We're not backed up," Doerr said. "They [landlords] just don't want to get a rental inspection," Doerr said.

The city charges \$225 to cover the costs

of sending inspectors back for multiple trips because many rentals aren't up to code and require extra trips.

"Nobody passes the first inspection because the rental inspection program has been on hiatus for so many years because of the lawsuit," Doerr said.

"My job is to say to a tenant in the city, 'Yes, we are trying to make sure you have an apartment to rent that is safe,'" Doerr said.

Rental inspections help the landlords if there is an eviction, Doerr said, because some judges will toss eviction orders for rental properties that aren't registered with the city.

In 2017, landlord Karter Landon challenged the rental inspection ordinance and got it thrown out by a federal district judge. His suit claimed that the ordinance violated his Fourth Amendment right to be free from warrantless searches, arbitrary and retaliatory fines, and civil and criminal charges.

The city created another ordinance in 2020, according to a letter from the city of Flint. In September 2020, the city enacted Ordinance 200304, which amended Section 24-4 of the Flint Code of Ordinances with a new rental inspection code.

The new ordinance requires that all rental properties be registered with the city and certified as complying with the code after being inspected. The ordinance requires that water service be placed in the name of the property owner unless the city's customer service department receives a water affidavit, a copy of a lease and an application for water service. The application requires that rental properties be registered and certified by the Building Safety and Inspection Division.

"If all three of the documents above are not provided, City ordinance requires that the Customer Service Department place water service only in the name of the property owner to ensure that the water bills will be paid," Doerr's letter to the city council said. "The City is also prohibited from providing free water service under state law."

A 2024 lawsuit filed by the Genesee Landlord Association led to a court order

that the "City of Flint must allow water affidavits to be processed when there (is) both a signed lease and a valid water affidavit." The Nov. 14, 2024, court order was issued by Genesee County Circuit Court Judge Celeste D. Bell. "The City of Flint shall transfer the water accounts into the tenant's name ... obtain consent from the lessee, or obtain a warrant to inspect the property within 60 days," it read.

Flint Township, a neighboring municipality, is much more lenient, Ed Constable, a Genesee County landlord and the president of the Genesee Landlord Association, told CapCon in a phone interview.

In Durand, 20 miles away from Flint, a city inspection costs \$55. In Flint, an inspection costs \$225, or 4 times more.

"Rental inspection isn't supposed to be a profit center for the city," Constable told CapCon. "It's supposed to be there to cover the cost of the operation of fulfilling rental inspections."

Bobbie Kirby, a Flint landlord and the executive director of the landlord group, said she paid for an inspection in 2021 that never happened.

"If there are 15,000 rentals and they only have three inspectors, how are they going to inspect them? They just want their money," Kirby said in a phone interview.

Henry Tannenbaum has managed rental properties in the Flint area since the 1980s. Since that time, he says, the housing stock in Flint has gotten worse.

"We have many tenants living in this city without water because of the bureaucracy of the city of Flint," Tannenbaum said in a phone interview.

Landlords would pay the inspection fee, but the city wouldn't turn on the water, Tannenbaum said. He's a board member of the same landlord association.

"You can't do the inspection fee without the water," Tannenbaum said. ■

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Photo by Adobestock

Drive less, use less energy, switch to electric vehicles, says Grand Rapids climate action plan

Plan aims to reduce emissions by 85% by 2030 and 100% by 2040

BY SCOTT MCCLALLEN

Michigan's second-largest city wants its residents to drive less, switch to electric vehicles, and use less energy, according to its 95-page draft of a climate action and adaptation plan.

The city of Grand Rapids' climate plan uses the amount of greenhouse gases emitted by municipal operations in 2008 as its benchmark, setting a goal to reduce their emissions by 85% by 2030 and 100% by 2040.

The plan will try to reduce community greenhouse gas emissions by 62.8% per capita by 2030, with 2019 as the benchmark. The plan has six chapters: energy (more solar use), healthy homes (less electric use; income-based electric rates), commercial buildings (less energy use), transportation (more carpooling and cycling, denser developments), natural systems (more trees and rain gardens), and food systems (more urban agriculture and composting, less food in trash).

City residents create emissions by heating their homes and businesses, driving for work and the family, and going shopping.

The three largest sources of emissions are buildings (40%, with single and multifamily residential accounting for 28% and commercial buildings accounting for 11% of the total), the transportation sector (30%,

with gasoline-powered vehicles accounting for 18%), and industrial facilities (25%). Commercial energy, solid waste, upstream impacts, and other factors account for the remaining emissions (about 17%).

More than half of public comments on the draft opposed one or more of its six chapters, Michigan Capitol Confidential previously reported.

The draft plan calls for reducing by 80% the carbon dioxide created by the electric grid by 2030, reducing vehicle miles traveled by 10% by 2030, boosting electric vehicle adoption by 4.5% annually, and increasing the number of miles traveled in electric vehicles by 22.5% by 2030.

"While electrification of vehicles is needed to reduce emissions in the transportation sector, electric vehicle options are often more expensive, less accessible, reinforce traditional single occupancy vehicle usage, and pose potential waste and safety issues," the draft said.

The plan aims to retire the city fleet and replace it with electric vehicles, pilot a city e-bike fleet with charging infrastructure, and train or hire specialized technicians to service city fleet EVs.

Buildings should use less energy, the plan says. For 10% of all existing commercial buildings, the plan aims to reduce energy

use by 20% annually and move 5% of existing commercial buildings annually from gas to electric heating.

The plan aims for 5% of all existing residential buildings to reduce energy use by 20%. It also calls for all new residential buildings and 1% of existing buildings to meet the International Energy Conservation Code 2018, and for all new residential buildings and 11% of existing buildings to switch to electric heat each year.

Grand Rapids is accepting feedback on the climate action plan through Feb. 17.

Cities with more trees and vegetation tend to have milder temperatures and better air quality, said Jason Hayes, director of energy and environmental policy at the Mackinac Center for Public Policy. "Replacing non-native grasses with native species and reducing impervious surfaces, also recommended in the chapter on natural systems, helps decrease demands on water and sewage infrastructure."

The energy chapter, however, encourages the use of solar power, "an expensive and unreliable energy source often linked to coal-powered electricity, stolen intellectual property, and the labor of imprisoned Uyghurs in Chinese labor camps," Hayes wrote in an email.

The chapter on housing suggests that the

city advocate for affordable electricity rates, but Michigan is pursuing net-zero emissions by 2050. Mackinac Center research shows that statewide net-zero mandates will raise the average monthly residential electricity bill from \$118 in 2022 to between \$180 and \$290 by 2035.

This increased electricity cost will hurt commercial businesses and residents and will increase their monthly electricity bills by 53% to 146% by 2035, Hayes said.

The chapter on food supports more urban agriculture, but that undermines the stated goal of reducing greenhouse gas emissions, Hayes said.

"Fruits and vegetables grown in urban farms and gardens have an average carbon footprint six times greater than that of conventionally produced produce," a 2024 University of Michigan study concluded.

"Instead of squandering time and limited tax dollars on ineffective climate programs," Hayes wrote, "city officials in Grand Rapids would better serve taxpayers and residents by concentrating on fundamental issues: crime prevention, reliable and affordable utility services (water, sewer, and garbage), road maintenance, and education." ■

The original version of this story was posted online on January 10, 2025 and is available at [MichCapCon.com/32698](https://michcapcon.com/32698).

Michigan man could face \$1.7M fine for expanding his own pond

Anonymous complaint sparked investigation

BY SCOTT MCCLALLEN

Michigan's environmental agency could fine a Freeland man \$1.7 million for deepening his own pond.

From 2020-2023, Joshua Wenzlick expanded a small pond on his property. The state considers the land, a former sand mine, a regulated wetland, according to his brother Zachary Wenzlick, who spoke to Michigan Capitol Confidential in a phone interview.

After confirming that the local government didn't require him to obtain a permit for the project, Joshua hired Schlicht Ponds of Montrose, a licensed contractor, to excavate the pond to about 20 feet in one section. That depth is sufficient to sustain wildlife when the pond freezes over in the winter, ensuring there would be enough oxygen.

Joshua stocked the pond with about 700 fish — a mix of bass, bluegill, crappie, and perch. After stocking the pond, ducks, geese, and painted turtles moved into the pond, Zach said.

In March 2023, an anonymous person complained to the Department of Environment, Great Lakes, and Energy, claiming the excavation might cause a drainage issue for a nearby road. On May 16, 2023, Zach said that agency officials knocked on the door of Josh, who was asleep. Then, they accessed his property and pond without permission, Zach said.

The environmental agency says it lawfully investigated an alleged violation of Section 30314 of the Wetland Protection Act, as well as Part 301 Inland Lakes and Streams, of the Natural Resources and Environmental Protection Act. The agency is allowed, officials said, to enter premises suspected of causing an "imminent threat to the public health or environment" or if it has reasonable cause that the wetland "is a water of the United States as that term is used in ... the federal water pollution control act."

Jerrod Sanders, the agency's assistant director of the water resource division, told Joshua that it acted within the law, according to an April 10, 2024 email he sent.

"By all accounts that I've heard from both sides, I believe Brian Marshall followed the department's longstanding practice (and the law) when accessing your brother's property for the purposes of responding to a complaint of a potentially substantial violation," Sanders wrote. "He attempted to contact someone at the house by knocking at the door, and then proceeded to inspect non-curtilage portions of the property for reported violations. That method of access is a requirement of our assumption of the federal regulatory program, occurs thousands of times a year across the state, and has not resulted in adverse court ruling(s) to date."

On Jan. 11, 2024, the environmental agency issued a violation notice order, requiring Joshua to do five things:

Remove all unauthorized fill placed in wetlands surrounding the constructed pond back to original grade with original soils exposed.

Restore the wetland by filling a portion of the pond to the original grade with native topsoil in the upper six inches.

Place no removed material in wetlands or regulated areas outside what has been identified within restoration requirements.

Seed certain impact areas with approved native wetland seed.

Provide photos in the following three years in the summer to document site conditions and successful restoration.

The agency added that upon completion, it will consider processing an After-the-Fact permit application if Wenzlick applies through the portal with detailed project plans and pays the fee, after a review finds the site complies with the notice.

In 2023, EGLE responded to a complaint about Wenzlick's property, said Jeff Johnston, the environmental agency's public information officer.

"Unfortunately, we have been unable to resolve the discovered violation through voluntary means, as the documents in MiEnviro demonstrate," Johnston told CapCon in an email. "EGLE will not comment on ongoing enforcement negotiations except to correct these errors of fact: It is not accurate to state that Mr. Wenzlick is being told to restore the



Photo courtesy of Zach Wenzlick

property to its previous condition, i.e. to fill the pond. It is also inaccurate to say EGLE has provided no factual basis for the change in status to a regulated wetland."

Refilling the pond would likely kill hundreds of fish, Zach said.

"This is absurd to us, that the department in charge of protecting the environment is trying to destroy this thriving ecosystem," Zach said in a phone interview.

Anyone accused of conducting unpermitted construction activities in a wetland can face daily fines of up to the law firm of \$10,000, according to a Foster, Swift, Collins, and Smith. If EGLE started levying the maximum fine since July 1, 2024, the penalty will have already reached more than \$1.7 million.

However, the agency's primary interest is "always in assuring that existing violations are brought into compliance with the laws that protect natural resources for all of Michigan's citizens," Johnston wrote. "Presenting the maximum possible fine is not an accurate way to portray virtually any settlement negotiation for this type of violation."

Zach said Joshua will have already spent \$15,000 in legal fees by the end of December, and they haven't reached litigation yet.

"All we wanted to do was have a recreational pond for our family to enjoy,"

Zach said.

Michigan's environmental agency has "an almost unquestionable authority regarding wetlands issues," said Jason Hayes, director of energy and environmental policy at the Mackinac Center for Public Policy.

"They have demonstrated this power in situations like the Hart Enterprises case, where the agency was able to effectively ignore the input of a former Michigan DNR water quality specialist and employ what they referred to as 'a judgment call' to carry out an eight-year-long legal battle to stop the simple expansion of a parking lot in an industrial area," Hayes wrote. "In this story, they appear willing to arbitrarily and unilaterally stop a property owner from restoring their private property from a former mine site into a thriving pond ecosystem that benefits wildlife. Regardless of what efforts a property owner may have employed to protect or improve the natural environment and regardless of support and help from elected officials, EGLE has once again chosen to gum up the process with threats of fines and legal action." ■

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State jobs subsidies have a 91% failure rate

Only 9% of jobs promised in 20 years of deals, promises, came into being



BY SCOTT MCCLALLEN

When Hummer promised to invest up to \$9.4 million in a new headquarters in Detroit or Auburn Hills in 2009, the Michigan Economic Growth Authority approved the company for \$20.6 million in state tax credits.

The project would create 300 direct jobs and 640 indirect jobs, the Detroit Free Press reported.

But that never happened.

Job deals the state conducted from 2000-2020 quietly and almost completely failed, according to a study from the Mackinac

Center for Public Policy. Of all the jobs projected, 91% did not get created. The study looked at headlines from the Detroit Free Press to identify deals between the state and various businesses.

While companies promised 123,060 jobs through subsidy agreements, only 10,889 materialized, the study concluded. Worse, half of the companies awarded deals created no jobs at all, and just 15% met or exceeded their job projections.

The study concludes that lawmakers shouldn't blindly give away taxpayer money to favored companies and hope that new jobs will result.

Since 2023, Michigan has granted \$4.6 billion in corporate subsidies.

This study should be a wakeup call to lawmakers, politicians, and taxpayers, said James Hohman, who wrote the study and is director of fiscal policy at the Mackinac Center.

"I don't blame the media. They're just responding with their own news judgment, and the Detroit Free Press reporters are covering the beat like every other newspaper," Hohman said. "The stories are newsworthy. And they are incontrovertible. But lawmakers and administrators don't have the track record to demonstrate that things happen the way they say, and reporters ought to know that."

In a rational world, the study should "cause the dissolution of the Michigan Economic Development Corporation," John Mozena, president of the Center for Economic Accountability, told Michigan Capitol Confidential in an email. "Any private sector investment firm that got

caught delivering just nine percent of its promised investment returns would get shut down, and the people who ran it would be sued and possibly even prosecuted."

The MEDC should explain why they think future job creation subsidies will produce better results than they have over the last 20 years, Mozena said.

"Anyone who's looked at these deals from the outside knows that their real purpose isn't to create jobs. Rather, it's to make voters believe that politicians are responsible for creating jobs. So in that regard, the headlines were 'mission accomplished' for the MEDC in its efforts to help Michigan's politicians get reelected and enrich the state's automakers and other politically connected big businesses." ■

The original version of this story was posted online on December 24, 2024 and is available at [MichCapCon.com/32647](https://michcapcon.com/32647).

Michigan State Police lease first EV at \$1,062 per month

State has 30 electric vehicles

BY SCOTT MCCLALLEN

The Michigan State Police tested 12 vehicles before picking a 2024 Ford Mustang Mach-E AWD for the State Security Operations Section's first electric vehicle.

The state will pay \$1,062 monthly to lease the vehicle, records obtained by Michigan Capitol Confidential show.

The vehicle reached a speed of 100 miles per hour in 10.87 seconds during a test run at the Chelsea Proving Grounds on Sept. 16, 2023, according to the MSP's 102-page testing records. The vehicle will be used by state properties security officers, who provide armed security coverage for state properties, including the Capitol and the governor's mansion.

"This is an exciting opportunity for us to research, in real time, how a battery electric vehicle performs on patrol," MSP

Director Col. James F. Grady II said in a January statement. "Our state properties security officers patrol a substantially smaller number of miles per day than our troopers and motor carrier officers, within city limits and at lower speeds, coupled with the availability of charging infrastructure in downtown Lansing, making this the ideal environment to test the capabilities of a police-package battery electric vehicle."

The manufacturer's suggested retail price for this vehicle starts at \$42,000. The Mustang Mach-E AWD has a range of 264 miles, according to Edmunds, which rated the vehicle an 8.2 out of 10. State police vehicles typically accelerate from 0 – 60 mph in 9 seconds, 0 – 80 mph in 14.9 seconds, and 0 – 100 mph in 24.6 seconds.

"The vehicle must reach 110 mph in 0.92 mile and 120 mph in 1.70 miles," testing

documents said.

The vehicle is stored in Lansing.

The 12 vehicles tested were: Chevrolet Tahoe 5.3L RWD; Chevrolet Tahoe 5.3L 4WD; Chevrolet Silverado Z7X 4WD; Chevrolet Silverado Z71 4WD; Chevrolet Blazer EV AWD; Dodge Durango 5.7L AWD; Dodge Durango 3.6L AWD; Ford Police Interceptor Utility 3.0L EcoBoost AWD; Ford Police Interceptor Utility Hybrid AWD; Ford Police Interceptor Utility 3.3L AWD; Ford F150 Police Responder 3.5L EcoBoost; Ford Mustang Mach-E AWD.

State police have 2,305 vehicles, according to the 2023 fleet plan. There are about 1,326 SUVs, 685 coupes and sedans, 144 vans, 91 pickups, 32 service, delivery, or tow trucks, 25 motorcycles, one bus, and one ATV or snowmobile.

Historically, the state police have driven

vehicles fueled by gasoline or diesel. But the law enforcement agency is starting to use electric vehicles, partly under a push to make state agencies adopt 14,000 EVs by 2040. Overall, Michigan is 2.3% toward its goal of reaching 2 million EVs registered statewide by 2030.

Michigan state agencies have 30 electric vehicles.

A sparse charging network, range anxiety, and a high upfront cost have resulted in weak demand for electric vehicles, CapCon has reported. About 50,000 electric vehicles are registered in Michigan, according to the federal government, compared to more than 6.8 million gas and diesel vehicles. ■

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Flint landlord sues city over ‘unconstitutional’ rental inspection

Lawsuit seeks damages for properties left vacant over Fourth Amendment struggle



BY SCOTT MCCLALLEN

Flint’s rules for approving rental properties violate the Constitution, according to a 62-page lawsuit filed in July by a local property owner.

Karter Landon owns eight rental properties in Flint that he has not rented out for a year. He blames an ongoing dispute with the city of Flint that has so far cost him \$50,000 in forgone rental income. The Flint ordinance requires the properties to pass a city inspection before they are occupied as a rental and allowed access to city water.

The city can’t withhold water or deny a landlord the right to rent a property because he’s refused a warrantless search, according to Landon, who’s worked as a landlord for nearly 27 years.

“They can’t pass a law that penalizes you

for asserting your Fourth Amendment right,” Landon said in a phone interview with Michigan Capital Confidential, “because landlords will feel coerced to give up their rights.”

In 2016, Landon sued the city over the same inspection program and won. The inspection program was thrown out for several years until the city revived it, according to a 2017 order from U.S. District Judge Linda Parker.

In that case, the judge enjoined the city of Flint from inspecting rental properties or penalizing a landlord or tenant for refusing to allow an inspection without a warrant.

In 2020, the city reinstated the policy with a clause that it would seek a warrant to enter a landlord’s property if access is denied.

Landon will not let inspectors enter the property without a warrant. It is a civil infraction in Flint to rent out a property that the city hasn’t inspected.

The city of Flint did not respond to multiple requests for comment.

The city charges \$225 per unit every three years plus an initial registration fee of \$250, reinspection fees of \$120, a noncompliance fee of \$450, a water fee of \$75, and a water usage fee of at least \$70, according to the 2024 lawsuit.

“Flint demands inspections regardless of whether a property is or is not vacant, and (the city) penalizes Plaintiff regardless of whether he refuses entry absent a warrant, or even if his tenant has refused entry without a warrant,” the lawsuit said.

The lawsuit seeks a permanent court injunction prohibiting the city of Flint

from enforcing its search rule. It claims the city’s forced inspection rule violates the Fourth, Fifth, and Fourteenth amendments of the U.S. Constitution.

It seeks compensatory damages for the city’s refusal to provide water to his homes, loss of rental income, increased maintenance with mowing and utility bills, and damage to properties — including wear and tear from squatters.

Landon wants to get his houses back on the rental market. He’s awaiting action on the lawsuit he filed in July.

“A lot of my houses rent for \$400-\$500 per month,” Landon said. “All of these houses are sitting empty, driving up rental prices everywhere else.” ■

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After subsidy failures, Whitmer calls for more subsidies

Only 9% of jobs promised in 20 years of deals materialized



BY SCOTT MCCLALLEN

Gov. Gretchen Whitmer spoke Jan. 15 at the Detroit Auto Show, urging lawmakers to create more taxpayer-funded jobs programs, just weeks after a new study found such programs often fail to create jobs.

The governor encouraged a divided Michigan Legislature to renew a taxpayer-funded jobs program that's set to disappear in a year.

Whitmer also urged legislators to develop a long-time solution for road maintenance, as her \$3.5 billion bonding plan ended

in December without completing her campaign promise to fix the roads. Her plan only fixed state trunkline roads, not local and county roads.

"Losing both (a road program and a jobs program) without better, more comprehensive replacements will throw us off track," Whitmer said.

Whitmer called for taxpayers to fund a new Michigan auto jobs fund. She also called for a new payroll tax cut for Michigan-based hires, more site-development programs, more public spending on housing and brownfield redevelopment, and more spending on transit, buses, rail and roads.

The governor, a Democrat, must work with the Republican-controlled House of Representatives on any legislative plans.

House Speaker Matt Hall, R-Richland Township, said he wants to fix roads, giving priority to local and county infrastructure, without raising taxes, spokesman Greg

Manz said in a news release.

"That's the plan he put forward then — and it's the plan that remains on the table now," Manz said in a statement. "We're hopeful the governor will finally see that a pothole-free path doesn't require further burdens on hardworking Michigan families."

Whitmer's speech suggests she disagrees with that approach.

"To my friends in the GOP, fixing the roads in a sustainable way means looking for new, fair sources of revenue," Whitmer said. "We can't just cut our way to better roads."

Hall's road plan hinges on directing \$2.8 billion from existing tax revenue toward fixing roads. It would allocate \$1.2 billion of corporate income tax revenue to infrastructure, add \$600 million in additional funding in 2026, and direct state gas revenue entirely to road funding.

The \$600 million would come by cutting current earmarks: \$500 million for the Strategic Outreach and Attraction Reserve Fund that pays for corporate incentives, \$50 million for the Revitalization and Placemaking Fund, and \$50 million

for the Housing and Community Development Fund.

County road agencies maintain roughly 75% of Michigan's road miles, which means 90,500 miles of roads and 5,900 bridges, according to the County Road Association of Michigan.

Hall's road funding plan challenges Whitmer's strategy of using subsidized businesses as a way to create prosperity. Since 2023, Michigan has given \$4.6 billion in subsidies to select, favored corporations.

Only one of every 11 jobs promised by Michigan politicians and public officials actually gets created, according to a study by the Mackinac Center for Public Policy.

The study found that only 9% of the jobs mentioned in announcements about state-backed deals were created. It followed two decades of front-page news stories about government grants to private businesses.

Even the Detroit Auto Show received \$8 million of taxpayer funds in the 2024 budget, CapCon reported. ■

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Employment decline leaves Michigan near the bottom nationwide

State's 5% unemployment rate in December was the sixth highest among the states

BY JAMIE A. HOPE

Michigan's employment numbers have dropped since spring 2024, while unemployment has risen.

The number of people employed in the state has dropped by 58,848 since May 2024, according to Mackinac Center for Public Policy research. The 1.2% loss puts the state in second-to-last place among the states, according to the U.S. Bureau of Labor Statistics.

Since May, Michigan's unemployment

rate increased more than every other state, except South Carolina. Michigan moved from 18th place in the nation for unemployment to sixth place, with an unemployment rate of 5%.

"The current unemployment rate is still pretty low for Michigan for the past generation," said James Hohman, fiscal policy director at Mackinac Center for Public Policy. The state's employment rate was above 5% from July 2001 to December 2015.

"But employment losses increasing the state unemployment rate is a sign that Michigan has been heading in the wrong direction," he told Michigan Capitol Confidential.

Employment declined by 28,399, or 0.6%, from May to August. The state experienced a 30,449 decrease in employment from August through December. ■

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Photo by Pexels