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# Whitmer Tells Dems, GOP, Biz: We Must Compromise On Roads

In a pitch for a long-term road funding solution, [Governor Gretchen Whitmer](#) told lawmakers and businesses that compromise is the only way to fix the problem.

The call out to Republican lawmakers and business groups that have resisted calls for tax increases was direct but not surprising. However, Whitmer told Democrats that cuts would also be part of the conversation.

"I know there are a couple different plans out there, including mine, and I know none of them are perfect," Whitmer said during her State of the State on Wednesday. "But what's not OK is no plan. Michiganders won't accept inaction."

Whitmer said all parties involved need to recognize some "hard truths."

"To my friends in the GOP, a long-term fix means new, fair sources of revenue. We can't cut our way to better roads by slashing public safety, health or schools," she said.

To this Democrats stood and applauded, but Whitmer said to them:

"Cuts will need to be a part of the solution."

There was little to no applause from either side of the chamber, prompting the governor to look toward the Republicans and lament, "Alright, no claps over here."

And to businesses, Whitmer said, "We can't put this on the backs of the middle class."

"For all of us to be part of the solution we must all compromise and that's the way it ought to be," Whitmer said. "Let's get back to the negotiating table in the coming days and weeks to find a long-term, bipartisan solution so we can fix more of those damn roads."

Business groups have long advocated a fuel tax increase or increase in vehicle registration fees as a "user fee" for roads, but there's been little to no support in the Legislature for hiking either one of those since the last road funding plan in 2015 did so.

Whitmer and House [Speaker Matt Hall](#) (R-Richland Township) have both released a road funding proposal. Whitmer has some potential new revenue from a Corporate Income Tax increase, a new wholesale marijuana tax, a digital advertising tax and increased fees for heavy trucks – though she has no specified most of it, nor specifically declared support for raising the CIT. She also calls for removing the sales tax on fuel and replacing it with a revenue neutral gas tax, which would lead to about \$1 billion more going to roads.

Hall's plan includes the tax switch – something legislative Republicans have long called for – and cuts to get a \$3 billion funding plan for roads.

Businesses and Republicans have panned Whitmer's proposal and its inclusion of tax increases.

Rob Coppersmith, executive vice president of the Michigan Infrastructure and Transportation Association, said in a statement it's time for urgent action.

"The state is barreling toward a road funding cliff at the end of this year, and we have two road funding plans up for consideration in Lansing that would save thousands of construction jobs while making our roads and bridges safe," he said. "This is a critical moment for our state, as inaction from Michigan's leaders is not an option. Michigan's current road crisis is the result of decades of underfunding. The failure to implement a long-term funding plan threatens thousands of critical construction jobs while putting drivers at risk of paying even more for car repairs due to the crumbling roads in their communities."

Whitmer said she used the [State Transportation Commission](#) to speed up \$3.5 billion in construction but also acknowledged it was a short-term fix, and is now nearly exhausted.

Republicans, including Senate [Minority Leader Aric Nesbitt](#) (R-Porter Township), said funding for roads can be found in the existing budget.

"With road funding, first and foremost, 100 percent of the taxes collected at the pump need to go roads and bridges, Period, paragraph. And that's something where I think we can easily get to and easily find a

consensus," Nesbitt said. "Any of these new taxes ... at the end of the day, we don't need any new taxes to be able to fix the roads. The budget has grown by over 40 percent under this governor over the last six years."

**Sen. Mark Huizenga** (R-Walker) questioned the talk about road funding and needing new revenue.

"She talked about road taxes and what we need to do there, but the reality is that so much has been bonded that this is only hurting," Huizenga said. "She mentioned Lansing's roads, for instance. The interest that we pay on that bond comes right off the top, and it means our counties get less dollars, means that our cities get less dollars, so this is a self-inflicted problem, and because the bond is the duration of essentially the life of the road, it's only going to cause us problems in the long run."

**Sen. John Damoose** (R-Harbor Springs) also said he wants to see the state prioritize its existing revenue first when it comes to roads.

"I think there's money to be found there," Damoose said. "I'm not ready to start talking about increasing revenue to cover road costs, because I think there's extra money there."

Hall said money that has been targeting large companies for economic development projects in recent years should instead be used to beef up road funding.

"I put roads on the table. The House Republicans led on roads," Hall said. "I put a plan on the table that would fix our roads without raising taxes by prioritizing roads over corporations. Governor Whitmer, then I challenged her. I said: 'put out your plan,'" and she did last week. Her plan raises taxes. We can do it without raising taxes by prioritizing roads over corporations."

Hall said that Whitmer has agreed with his stance that all money collected at the pump should go to roads. Along with \$500 million in cuts in the governor's plan, he said that would get them halfway to at least \$3 billion on roads.

Directing the new money in any roads plan toward local roads will also be a priority to help rebuild roads badly in need of upgrades, he added.

Rep. Alabas Farhat (D-Dearborn) introduced [HB 4142](#) , [HB 4143](#) and [HB 4144](#) on Wednesday. The bills include portions of Whitmer's plan.

The legislation was introduced at the end of last term, and they are the only bills on road funding to be introduced this term.

"The bills are introduced," Farhat said. "Let's get started on this conversation now, and let's get it done. Let's use the same energy used on the ESTA bills on roads and get it done as soon as possible."

"I think it's a larger conversation," he said about coming to an agreement on roads. "When you talk about a budget, we're talking about funding schools with the sales tax at the pump. We're funding constitutional revenue sharing for our local municipalities with that same sales tax. This is about making sure that we're able to not only fix our neighborhood roads and invest in them," he said. "It's also about making sure our schools aren't just held harmless, but we're actually investing in a meaningful way so we can finally catapult out of the bottom 10 performing schools in the nation and actually be a leader

There is no one independent fix for road funding, Farhat said.

"You have to look at it holistically," he said. "This is about looking at the way our state spends funds and making sure we're prioritizing the basics: that's schools, that's infrastructure, that's our roads."

The first bill would create a digital advertising services act with revenue potentially going to the School Aid Fund and the Transportation Fund. [HB 4143](#) would include an earmark from the Corporate Income Tax for roads and [HB 4144](#) would increase the CIT by 2.5 percentage points, with the increase going to the School Aid Fund.

Farhat said he did not buy the argument that increasing the Corporate Income Tax would hurt the state's business climate.

"I'm really tired of the talking point that the Corporate Income Tax is going to impact competitiveness," he said. "Let's be clear, if the business community wants to come to the table on a road solution that doesn't put costs on the working families of this state, their seat is ready."

He pointed out that the Trump administration is already cutting the federal corporate income tax from about 34 percent to 22 percent.

"They're getting a huge savings there," he said. "It's only right that us a state that has really invested heavily in economic development begins to

be more aggressive in capturing revenue from the activity generated.”

Michigan Chamber of Commerce President and CEO Jim Holcomb said increasing the CIT would be damaging for business and send the wrong message as the state looks to grow.

“The business community is committed to being part of the solution,” he said in a statement. “We share the governor’s optimism about Michigan’s bright future, but turning vision into reality requires thoughtful, meaningful policy making that ensures our state remains competitive, open for business and a place where free enterprise can thrive.”

– By Alethia Kasben; Elena Durnbaugh, Nick Smith & Lily Guiney  
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