



MI Chamber Worried About Corporate Income Tax Increase To Fund Roads

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The Michigan Chamber of Commerce is worried increasing the corporate income tax will be proposed to fund road upgrades, with the Chamber's senior legislative affairs director "hearing rumblings" amid budget negotiations.

"We've been hearing rumblings from multiple sources that the CIT increase is being discussed as budgets and road funding are being negotiated," said Randy **GROSS**, the Chamber's senior legislative affairs director and associate general counsel, in a statement to *MIRS*. "Michigan needs smart infrastructure solutions to fix our roads – not shortsighted tax hikes that hit job creators the hardest and jeopardize our economic future."

Gross pointed to [HB 4144](#) introduced in early March by Rep. [Alabas FARHAT \(D-Dearborn\)](#), who's developed a reputation for being able to collaborate with the House's Republican majority.

Farhat's bill looks to make up any losses to school funding under a new road funding plan by increasing the state's corporate income tax (CIT) rate from 6 percent to 8.5 percent, a plan that the Chamber is spotlighting right now.

The Chamber published on June 19 that Michigan employers would face an \$800 million tax increase altogether, giving Michigan a seventh place ranking for the highest CIT rate in the country.

Additionally, when asked about how the Senate will handle road funding, Senate Majority Leader [Winnie BRINKS \(D-Grand Rapids\)](#) said to *MIRS* during the Mackinac Policy Conference that "it's most likely accurate" that doing so will require tightening up the state's spending belt and increasing state revenues (See "[Brinks: No Genuine Conversation Between House, Senate On Road Funding](#)," 5/27/2025).

However, when *MIRS* asked two legislators -- a northern Macomb County Republican and an Ann Arbor Democrat – about expanding the CIT, neither said they were familiar with it the idea gaining traction. Today's episode of the *MIRS Monday* Podcast kicked off with a Republican-Democratic roundtable featuring Reps. [Jaime GREENE \(R-Richmond\)](#) and [Carrie RHEINGANS \(D-Ann Arbor\)](#).

"I haven't seen that myself, but I've long been a fan of hiking the Corporate Income Tax to fund basic services, so I am happy to hear that they might be a little bit going on the

defense ... because that means somebody who's going on the offense is getting some traction, which I would love to see," Rheingans said.

Rheingans said Michigan has many crucial services to fund, as well as things to prepare to backfill based on proposed federal funding cuts "coming down the pipe."

"I think it's really important for us to look at ways to find backfilling opportunities, and if we're trying to fill potholes, if we're trying to fix rural roads across the state, having revenue involved is crucial," Rheingans said.

As for Greene, she said she will be vehemently against any type of tax increase, looking to support income tax decreases instead.

"Considering how much our budget has grown over the last seven years and how bloated we have become as a government, I would support any type of tax cuts because I do believe the money is there," Greene said. "We have a lot of empty seats in our departments of jobs that have never even been filled that are allotted for, and of course, we've had those earmarked special projects, backdoor deals that have continued on year after year."

She said rolling back both the state's corporate and personal income tax rates would mean more pocket money for business owners to invest in their businesses and employees.

Overall, she said "I don't know what you're talking about" when asked about the Chamber's concerns.

One of the top priorities of Gov. [Gretchen WHITMER](#) and House Speaker [Matt HALL \(R-Richland Township\)](#) is setting up a new long-term road funding plan. Both share the vision of directing any state taxes paid at the fuel pump to roads and bridges, shifting the sales tax revenue that schools and local governments receive from gas sales in Michigan.

Where leaders differ around Lansing is what will backfill other state spending obligations if all state taxes on gas go to the roads. On one hand, Whitmer wants to place the marijuana industry in Michigan under the same wholesale taxes as cigarettes and other smoking products, as well as to generate \$1.6 billion in new revenue by taxing "Big Tech industries" that "haul heavy weights" on roads and "bombard" residents with "nuisance pop ups and ads."

Meanwhile, Hall – whose bills have been sitting in the Senate since March – imagines a substantial decrease to Michigan's economic development and corporate incentive budget, including rolling back the Michigan Economic Growth Authority (MEGA) tax credit program. The tax credits were heavily used during the Great Recession under Gov. Jennifer **GRANHOLM**'s administration, who deployed them to retain Michigan's major automotive employers.

