



Governor Whitmer Signs \$81 Billion State Budget to “Fix the Damn Roads,” Increase Education Funding, and Cut Taxes for Working Families

By Tim Hughes. After months of negotiations with the legislature, Governor Gretchen Whitmer signed into law an \$81 billion balanced, bi-partisan state budget.

“The budget includes a sustainable, long-term road funding deal, tax breaks for seniors and working families, record investment in students and schools that provides for free school meals, and removes state taxes from tips, overtime and social security,” said Whitmer. “I’m so grateful to Leader Brinks, Speaker Hall and legislators on both sides of the aisle for coming together to get this done for Michiganders.”

A key element of the package was a plan to allocate almost \$2 billion to help “fix the damn roads” she said. Nearly \$2 billion will be spent to improve state and local roads over the next four years, with significant new ongoing investments in bridges and public transit.

The road spending will come from a variety of sources, including a 24% wholesale tax on marijuana products, expected to raise \$ 420 million annually. The Michigan Cannabis Industry Association is challenging the constitutionality of the tax because the state Constitution requires a $\frac{3}{4}$ vote of the legislature to amend a law enacted by voters. The state’s marijuana law was enacted through a citizen-initiated ballot proposal approved by voters in 2018. The marijuana tax bill was not approved by a $\frac{3}{4}$ vote. Supporters of the marijuana tax hike say the increase is included in a different act, the Comprehensive Road Funding Act, so the $\frac{3}{4}$ vote requirement does not apply.

Corporate income taxes will pay \$688 million for road funding this year, growing to \$1 billion by fiscal year 2030. Another \$540 million will come from delaying some tax breaks for Michigan businesses that were expected under the federal “big, beautiful” budget and tax law. Other significant aspects of the state budget include:

- The end of the business subsidy Strategic Operating and Attraction Reserve (SOAR) fund supported by the Governor. Whitmer had sought to continue the program with a \$500 million appropriation. Whitmer said that she had commitments from legislative leaders to pass a new economic development proposal by the end of the year.
- Tax breaks for Michigan working families through exemptions on income from tips, overtime pay and Social Security. The tax cut on tips would save 300,000 workers about \$400 a year. The overtime tax cut would give 500,000 workers an average of \$500 in tax savings. The Social Security tax cut would give 40,000 seniors an average cut of \$500.
- The education budget includes a record \$10,050 in per-pupil funding for Michigan schools, up from \$9,608 this year. It also adds \$321 million for mental health and safety grants and will continue to make school meals free for all students. It includes \$201.6 million to cover meals for students who don’t qualify for no-cost programs through the federal government.

More information on the state budget can be found at [State Budget Office](#).