

Selling Michigan Short: New State Budget Makes it Harder for Business

(LANSING, Mich., Oct. 3, 2025) – Leading Michigan business organizations – including **Detroit Regional Chamber**, **Grand Rapids Chamber**, the **Michigan Chamber of Commerce**, **Michigan Manufacturers Association**, and the **Small Business Association of Michigan** – today issued the following joint statement regarding the Legislature’s passage of the Fiscal Year 25-26 State Budget and action to separate Michigan from recent federal tax reforms:

In a time of growing uncertainty for Michigan companies of all sizes and industries, creating conditions for economic stability and future investment must be the priority. While a balanced state budget is critical, separating from federal tax reforms results in Michigan businesses paying higher state taxes – a more than \$2 billion tax increase over the next five years.

Recent federal tax policy changes were designed to accelerate innovation in the U.S. by enabling companies to support and plan for R&D and equipment investments, helping them hire more workers, raise wages, and reshore jobs and growth back to the U.S. For a state like Michigan with our deep manufacturing base and strong workforce, alignment with these policies should have been a clear opportunity to remain competitive and strengthen our economy.

Historically, Michigan has followed federal tax policy changes. By separating from federal investment incentives, our state’s job creators – whether a small family-owned restaurant in Traverse City or a tool and die shop in Livonia – will be burdened with more than \$2 billion in additional taxes over the next five years and a far more complex and confusing tax system.

Right now, the cards are stacked against Michigan. Our companies are already facing disproportionate levels of uncertainty from tariffs and supply chain threats – along with higher unemployment than peer states and some of the lowest educational outcomes in the country. While businesses in other states can take full advantage of the federal tax reforms, Michigan’s businesses will not.

The bottom line is that when other states make it cheaper to invest, produce, and sell, Michigan loses. Policymakers must think strategically and work collaboratively to ensure Michigan remains economically competitive for businesses and residents now and into the future.

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