

Food stamp fraud is devastating' Michiganders, document says PAGE 5





SOAR program promised 8,812 jobs, delivered none PAGE 10

SUMMER 2025 | Vol. 19 No. 2

A publication of the Mackinac Center for Public Policy

Justice Department cites CapCon in Michigan suit

Whitmer, Nessel named as defendants over targeting of energy companies



BY SCOTT MCCLALLEN

On May 30, the U.S. Department of Justice sued Michigan in federal court.

The 22-page lawsuit names Gov. Gretchen Whitmer and Attorney General Dana Nessel as defendants, Bloomberg first reported.

While the nation faces an energy crisis, the lawsuit says, Michigan plans to sue energy providers.

"These burdensome and ideologically motivated laws and lawsuits threaten American energy independence and our country's economic and national security," U.S. Attorney General Pamela Bondi said in a statement. "The Department of Justice is working to 'Unleash American Energy' by stopping these illegitimate impediments to the production of affordable, reliable energy that Americans deserve."

"At a time when states should be

contributing to a national effort to secure reliable sources of domestic energy, Michigan is choosing to stand in the way," the complaint said. "This Nation's Constitution and laws do not tolerate this interference."

In 2024, the Michigan attorney general's office hired three out-of-state law firms — Sher Edling LLP, DiCello Levitt LLP, and Hausfeld LLP — to sue oil and gas companies, CapCon first reported in October. Nessel claimed that climate change decreases tourism, harms agriculture and depletes Michigan's tax base. The companies, according to the lawsuit, contribute to climate change. Michigan signed 17 attorneys to act as special assistant attorneys general. Their compensation is contingent upon them achieving a settlement with the defendants.

In May 2024, Nessel announced a lawsuit against unspecified oil and gas companies. Nearly a year later, the lawsuit still hasn't been filed.

The attorney general's press secretary, Danny Wimmer, told CapCon in an April 16 email that Nessel's office plans to commence the lawsuit this term.

"Our office is working with the selected Special Assistant Attorneys General to develop our claims for climate deception by the fossil fuel industry. Attorney General Nessel plans to commence the litigation during this term."

Michigan's contract with the firms runs from Sept. 26, 2024, through Sept. 30, 2027,

See Trump administration, Page 10

US POSTAGE
US POSTAGE
PAID
GREENVILLE, MI
48838
PERMIT # 338
NON-PROFIT ORGANIZATION

Capitol Confidential Mackinac Center for Public Policy 140 West Main Street P.O. Box 568 Midland, Michigan 48640





MEET THE STAFF



Scott McClallen is a reporter and editor for Michigan Capitol Confidential. He may be reached at mcclallen@mackinac.org



Jamie A. Hope is the assistant managing editor for Michigan Capitol Confidential. She may be reached at Hope@mackinac.org









Property owners fight back against \$25K daily wetland fines

Federal court asked to strike down Michigan's wetlands law

BY SCOTT MCCLALLEN

Two Michigan men have asked a federal judge to strike down as unconstitutional a state law that restricts the way property owners may manage 6.5 million acres of land. The men, Joshua Wenzlick of Freeland and Paul Satkowiak of Bay County, are represented by attorney Philip Ellison from the law firm Outside Legal Counsel in Hemlock.

The lawsuit names Phillip Roos, the director of the Michigan Department of Environment, Great Lakes, and Energy, Attorney General Dana Nessel and state inspector Brian Marshall as defendants.

Paul Satkowiak's 15-acre property in Bay County is 10 miles away from any large body of water. State officials, though, say he violated wetland protection laws when he placed dirt on his Mount Forest Township property and built a barn there to store his excavation equipment.

State employees abuse the vague wetland statute that requires a permit if a property has a "bog, swamp, or marsh, inundated or saturated by water at a frequency and duration sufficient to support, and that under normal circumstances does support, hydric soils and a predominance of wetland vegetation or aquatic life," Ellison told Michigan Capitol Confidential in a phone conversation.

Ellison first filed the lawsuit Feb. 10 and on March 23, he added Wenzlick, a man whom the environmental agency could fine up to \$1.7 million for expanding a separate pond, CapCon reported in January.

The lawsuit, filed with the U.S District Court in Lansing, asks federal Chief Judge Hala Y. Jarbou to strike down certain provisions of Part 303 of Michigan's Natural Resources and Environmental Protection Act for violating the U.S. Constitution.

Satkowiak's "property is not on any body of water, or adjacent to, or nearby any body of water," Ellison told CapCon. Yet, he said, state regulators claim it's a wetland.

The suit alleges that Michigan's wetlands

laws triggering fines of up to \$25,000 daily violate the Eighth Amendment's ban on excessive fines, as well as the Fourteenth Amendment.

"If you're going to assess someone a fine of \$25,000 a day, it's really a criminal statute," Ellison said. "It's not like a parking ticket."

Michigan has used the law to fine businesses \$300,000 for allegedly violating wetland rules. The environmental agency doesn't comment on pending litigation.

The lawsuit asks for Satkowiak's case to be heard by a jury instead of a judge, a right the Sixth Amendment guarantees to individuals alleged to have committed a crime.

"Juries allow the average, everyday person to be a check on not just the government bringing the case, but the judge on the case too," Ellison said. "Because the judge isn't the one who makes the ultimate decision. It's the citizenry."

Part 303 of the Michigan law allows the environmental agency to hear complaints in an administrative court in Lansing or the local jurisdiction. The agency usually chooses Lansing.

The attorney said that he's challenging the authority of state employees to enter private property without a warrant.

In March, a federal judge ruled that a separate lawsuit against environmental quality analyst Justin Smith and inspector Brian Marshall could proceed. The lawsuit accused Smith and Marshall of violating Satkowiak's Fourth Amendment rights in March 2024 by trespassing on a separate piece of property he owns along M-13 just south of Pinconning.

"My office has sued six different EGLE officials for violating the Fourth Amendment over the last two years," Ellison said.

The state must respond within 20 days of March 23, the date the lawsuit was amended.

The original version of this story was posted online on April 1, 2025 and is available at MichCapCon.com/32945.

Michigan food stamp fraud spiked nearly 400% from 2023 to 2024

Criminals pocketed \$75,000 in food stamps over three days in 2025



BY SCOTT MCCLALLEN

Payments caused by fraud in Michigan's food stamp program jumped by 387% from fiscal year 2023 to 2024, according to documents obtained by a records request. The increase comes at a time when Michigan officials still haven't switched to safer, more secure cards with embedded microchips.

The Michigan Department of Health and Human Services approved 592 of 651 requests in fiscal year 2023 to replace stolen benefits, for a total of \$181,778.

About 800,000 Michigan households with low incomes purchase food through the Supplemental Nutrition Assistance Program, commonly known as food stamps. Money from the program is loaded onto state-issued Bridge cards, which recipients can use at approved vendors such as grocery stores. If a criminal rather than the intended recipient uses those funds, the state health and human services department will replace the lost benefits.

The state approved 1,664 of the 1,926 requests filed for replacement benefits during the 2024 fiscal year, for a total of \$884,947. The number of claims submitted increased by 196% from the previous year, and the number of claims approved went up by 181%.

The SNAP program is overseen by

the federal government but run by state health departments.

In November 2024, the U.S. Department of Agriculture urged Gov. Gretchen Whitmer and the state health department to stop using cards with magnetic strips and instead use chipped cards. Michigan has not yet made the switch. In June 2024, criminals stole \$250,000 from Michigan families through the SNAP program, Michigan Capitol Confidential reported in April.

Making the change from magnetic-strip cards to chipped cards would incur about \$16.3 million in one-time costs, according to an April 3, 2025, pitch Fidelity National Information Services made to the state, which CapCon obtained through a records request. Ongoing expenses would likely run to \$2.7 million a year, the company said.

The federal government would pay half the cost of moving to chipped cards, leaving Michigan with a bill of \$8.15 million, according to a state health department proposal CapCon obtained through a records request. Most of that cost would fall in four areas: \$9.9 million for mass mailings for new cards, \$3.3 million for system and technology changes, \$1.4 million for notification letters and \$1.8 million for customer service costs.

Over one weekend in 2025, Michigan

reported a loss of over \$75,000 in electronic benefit transfers that took place at several out-of-state retailers. The transfers involved card-cloning and skimming fraud scheme, state documents say. For fiscal year 2023, the Michigan Office of Inspector General conservatively estimates a yearly loss of roughly \$3 million in electronic benefit transfers.

Switching from magnetic strips to chipped cards is essential to secure the food program's integrity, Haywood Talcove, CEO of LexisNexis Special Services Inc, told CapCon in an email. His company sells fraud prevention software and services to unemployment programs in 20 states, as well as to major U.S. banks.

"This conversion presents a unique and timely opportunity to identify and remove criminal groups exploiting the system through stolen and synthetic identities," Talcove wrote. "Before issuing cards en masse to the 1.5 million recipients, we must validate each address, confirm residency, and verify identity. This step alone could flush out a significant portion of fraud in the program. I estimate 20%!"

Michigan could benefit if it moves to chipped cards and other states do not, Talcove said. "As more states move to chip technology, there will be a migration of fraud to those that don't," he wrote. "Acting now allows us to stay ahead of that curve."

The state health department hasn't responded to multiple requests for comment about why it hasn't updated its card system to protect food benefits for Michigan's most vulnerable people.

State residents often don't know their food stamps have been stolen until they're checking out at a store and their card is declined.

Low-income families have suffered more than \$846,856 in stolen benefits so far in fiscal year 2025, CapCon reported in April. In 2023, Michigan charged three Detroiters in a \$4 million scheme involving food stamp fraud.

There are at least 10 different ways to commit food stamp fraud: selling benefits to retailers, selling benefits to individuals, reselling food or drinks bought with SNAP benefits, card skimming, phishing, falsifying eligibility information, making multiple applications, retailer application fraud, state agency fraud, and government worker theft, according to the Cato Institute.

The original version of this story was posted online on May 15, 2025 and is available at MichCapCon.com/33038.

Michigan's \$3M bet on EV maker Bollinger Motors hits a bump

Clawback provisions should recoup \$949,000 investment, agency says

BY SCOTT MCCLALLEN

Michigan bet \$3 million of taxpayer money on Bollinger Motors, an electric truck maker that, two years later, appears to be going broke.

The company headquartered in Oak Park has paused production of commercial cab trucks and is being sued, The Detroit News reported in March.

The company received over \$949,000 of Michigan Business Development Program grants and created 75 jobs out of the 165 it promised, according to a fiscal 2024 state report.

The project is still in good standing for the grant, said Otie McKinley, a spokesperson for the Michigan Economic Development Corporation.

"Clawback provisions are in place should the qualified new jobs for which funding has been disbursed be eliminated prior to the end of the grant term," McKinley told Michigan Capitol Confidential in an email.

Michigan taxpayers promised the company part of another \$100,000 in 2021 to work with Michigan State University on mobility projects.

In 2020, Gov. Gretchen Whitmer promised an allelectric future for Michigan. She gave billions of dollars in subsidies to electric vehicle makers and backed Bollinger's vision as recently as last year.

"Bollinger Motors has once again decided to bet on

Michigan as they lead the future of class-4 electric commercial trucks," Whitmer said. "From their headquarters in Oak Park, the company designs, builds, and tests their cutting-edge tech in America, and I am proud that the Michigan Economic Development Corporation has worked with them to create even more good-paying jobs right here in our state."

The company can't comment directly on the ongoing lawsuit but is working toward a resolution, Bollinger CEO Bryan Chambers told CapCon in an email.

"We are working towards an outcome to this dispute that will enable us to continue to grow a strong, innovative workforce that develops industry-leading commercial EV trucks," Chambers wrote.

Many Michigan government agencies and politicians, including Chief Mobility Officer Justine Johnson, supported the company.

"Bollinger Motors' decision to build its new line of electric commercial trucks right here in Michigan is a testament to our thriving mobility and electrification supply chain," Johnson said in a 2024 statement. "Electric commercial fleets will play a key role in reducing carbon emissions from the transportation of goods. Bollinger is a company that shares our state's vision for a sustainable future and we are proud that the company chose to Make It In Michigan."

Only one of every 11 jobs promised by Michigan politicians and public officials in business subsidy announcements gets created, according to a study by the Mackinac Center for Public Policy, which analyzed 20 years of state-sponsored deals.

Business subsidies rarely deliver on their promises and waste taxpayer money, James Hohman, the center's director of fiscal policy, told CapCon in an email. "Some lawmakers love them anyway because they give them a chance to say they're doing something about jobs. This applies even if the project turns into nothing."

Whitmer has ordered the state to have an all-electric vehicle fleet by 2040. Currently, the state has 30 electric vehicles, Michigan Capitol Confidential has reported.

In her second term, the governor appears to have turned from that goal. Now, she doesn't care what kind of vehicle you drive as long as it's made in Michigan.

Michigan's climate plan expects 2 million electric vehicles to registered statewide, but the state is 1.95 million shy of that goal.

Last month, another EV maker, which received \$900,000 of taxpayer money, said it would shutter two Michigan locations and take 188 jobs out of state, CapCon reported.

The original version of this story was posted online on April 2, 2025 and is available at MichCapCon.com/32934.

Michigan dentist drills into implicit bias training rule

State agency, not lawmakers, created requirement on 400,000 workers in medical and dental fields

BY SCOTT MCCLALLEN

A Michigan dentist with 40 years of experience is challenging a 2020 directive from Gov. Gretchen Whitmer that requires all health care professionals to take implicit bias training to keep their professional licenses.

Kent Wildern, a dentist who practiced in Grand Rapids, was forced to surrender his license after he refused to complete the hotly debated social training.

The Michigan Department of Licensing and Regulatory Affairs implemented new rules in 2022 that compel more than 400,000 health care professionals to complete two hours of implicit bias training every renewal cycle.

Michiganders licensed by the state across 26 occupations ranging from medical practice to santitary services to acupuncture must complete the training to renew their professional licenses. Veterinarians were exempted.

Michigan's licensing agency has fined at least 132 people for not fulfilling the requirement, and it fined other health care professionals a collective \$75,000 in 2024, Michigan Capitol Confidential reported in September

New applicants for a health care license must have completed two hours of implicit bias training within the previous five years. Anyone seeking a new or renewed license must complete one hour of implicit bias training for each year of the relevant license cycle.

"It is unconstitutional for Michigan to weaponize its licensing powers to force health care professionals to choose between their careers and submitting to ideological indoctrination," Wilson Freeman, an attorney at the Pacific Legal Foundation, said in a statement. "Moreover, Michigan's mandate for implicit bias training came from an unelected agency rather than the Legislature, sidestepping any public debate on the issue."

Some health care workers, like Wildern, have surrendered their licenses rather than comply.

About eight states require continuing implicit bias education credits for health care workers, Freeman said. But Michigan is the only state that imposed the requirement via directive instead of legislation.

Previously, Michigan lawmakers required health care

workers to take human trafficking training, a requirement passed through the Legislature, Wilder said.

"The governor circumvented the Legislature entirely and mandated this training without any input from the other branch of government that she's required to get input from," Wilder said in a phone interview with CapCon.

If the implicit bias training requirement stands, Michigan's next governor can mandate patriotism classes for 400,000 health care workers, Freeman said.

"In my judgment, under the theory that (the Department of Licensing and Regulatory Affairs) is putting out, there's nothing to prevent that... LARA can create whatever training it desires, as long as they assert in their unreviewable authority that it's beneficial for them."

The state's licensing agency has committed ultra vires, a Latin phrase meaning "when an administrative agency does something that is outside of the power that's delegated to it by the Legislature," Freeman said.

The original version of this story was posted online on April 23, 2025 and is available at MichCapCon.com/33001.



Food stamp fraud is 'devastating' Michiganders, document says

Reported food stamp fraud spiked 387% from 2023 to 2024

BY SCOTT MCCLALLEN

When Michiganders' food stamps are stolen, it can take six to eight weeks for the state to replace the card, according to a fraud expert.

The Michigan Department of Health and Human Services administers the federal Supplemental Nutrition Assistance Program, which helps feed the state's most vulnerable people — about 800,000 households.

The dollar amount of reported food stamp fraud increased from fiscal year 2023 to 2024 by 387%, according to documents Michigan Capitol Confidential obtained through a records request. Criminals steal food stamps from Michiganders via card skimmers and card cloning.

Criminals can install fake versions of card readers that process payment cards, such as debit and credit cards, at gas stations, grocery stores and liquor stores. A project proposal from the state health department describes the situation and suggests making benefit cards more secure.

"This project (to switch to chipped debit cards) is expected to realize significant advancements in both improved program integrity as well as benefit delivery modernization," the proposal says.

Three states — California, Oklahoma and Maryland — are moving to chipped cards for SNAP spending, according to the United States Department of Agriculture.

If Michigan doesn't switch to chipped cards, according to the proposal, more criminals will defraud Michigan taxpayers.

"It is expected that as other states implement chip card

technology the risk for card skimming will increase in States continuing to solely utilize magnetic stripe cards," the document says.

The state health department did not respond to multiple requests for comment.

Banks have protected customer accounts by using chip cards since 2015.

Criminals have been stealing from benefit programs for decades, Haywood Talcove, CEO of LexisNexis Special Services Inc., told CapCon in a phone interview. Targets include unemployment insurance, disability payments, and the Women, Infants, and Children program. Fraudsters clone point of sale terminals by using the identification number from a legitimate source, such as Walmart or Target, but the payout is to a third party.

"Those are virtually impossible to find," Talcove said.

Talcove recommended that states use digital payments and wallets, which are more secure. He noted that people who qualify for electronic benefit transfers under food stamps and other programs are also likely to qualify for federal subsidies for internet service and a smartphone.

A May 6 U.S. Department of Agriculture directive requires states to submit to the federal government the names and Social Security Numbers of food stamp beneficiaries. The federal agency will require all states to submit the birthdates and personal addresses of SNAP applicants as part of the directive. States must also provide records used to calculate the total dollar value of SNAP benefits received by participants over time and

give federal officials the ability to filter benefits received by date ranges.

"As they're getting the names of the recipients for the first time, I suspect, of the 41 million people receiving SNAP, 8 million of them are 'ghosts' or synthetic, stolen identities," Talcove said. "They're not even real people."

The Department of Agriculture will also increase the frequency of its evaluations of retail bodegas from once every five years to once every six months, Talcove said.

"There are 256,000 retailers in the program," Talcove said. "Of that, there are 116,000 bodegas. And 80% of fraud is sitting in that group."

Talcove described a recent visit to Los Angeles during which he saw a bodega reporting \$2.1 million in revenue per week, though it wasn't selling any food.

"It was basically a front to steal," he said.

When states administer federally funded programs, they don't have an incentive to reduce fraud, Talcove said.

"The [SNAP] program has been infiltrated by transnational and domestic groups, and those groups are stealing at scale," Talcove said. "Until you put these controls into place, you're going to have two victims: the American taxpayer and the innocent individuals who rely on the benefit who had their card stolen."

The original version of this story was posted online on May 19, 2025 and is available at MichCapCon.com/33048.

Michigan's net-zero dream would raise electric rates, decrease reliability

'Tons of pain for essentially no gain,' former MIT professor says

BY SCOTT MCCLALLEN

Michigan's official policy as laid out in the MI Healthy Climate plan calls for the people, businesses and government operations to produce net-zero carbon emissions by 2050. A new report, however, projects that the plan could lead to more expensive but less reliable electricity service.

The plan aims to "avert the worst impacts of the climate crisis" by reducing the amount of carbon dioxide released through generating power. Residential uses account for 28% of Michigan's total energy consumption, followed by the transportation (26%), industrial (25%), and commercial sectors (21%).

"The real and costly impacts of the climate crisis are irrefutable and that was especially obvious on the ground in Michigan during 2021," the state's climate plan said. "Severe, climate-induced weather events over the summer caused more than one million Michiganders to lose power, some for a week or more."

But net-zero policies, which state documents refer to as "carbon neutrality," could cause blackouts and threaten energy reliability in the Great Lakes region, a new report from the Mackinac Center for Public Policy said. The report analyzed the electricity plans of seven Great Lakes states, including Michigan.

"Aggressive net-zero energy policies pose serious risks to the reliability of our energy grid," said Joshua Antonini, coauthor of the study. "If we continue down this path, we should expect shortages and blackouts."

The state climate plan calls for using solar and wind turbine technology to generate an increasingly large share of the electricity people use. Both technologies are unreliable, the report said.

Michigan's climate plan suggests building charging infrastructure for up to 2 million EVs by 2030 to reduce fossil fuel reliance.

About 50,000 EVs are registered statewide, according to the Michigan climate plan. But getting to the 2 million goal requires that state residents trade in some of the 6.6 million gas and diesel-powered vehicles they're currently driving.

A net-zero approach will not end well, say two professors who have long studied the effects that carbon dioxide has on heat in the atmosphere.

"Net-zero regulations and subsidies will have disastrous effects," Richard Lindzen, a retired professor of atmospheric sciences at the Massachusetts Institute of Technology, wrote in a July 2024 statement, along with William Happer, a retired professor of physics at Princeton University.

Net-zero policies will mean eliminating gasoline- and diesel-fueled engines, along with cooking stoves and space heaters, they wrote. Such policies also will mean doing away with the feedstocks of fertilizers that help half the world get food, the two added.

The two also wrote that the threat of increased carbon dioxide is overstated. As the amount of CO2 in the atmosphere increases, they said, its effect on temperatures will go down. "More CO2 does no harm," the two wrote before saying it will bring benefits, including more food for people.

"In short, we're dealing with tons of pain for essentially no gain," Lindzen told Michigan Capitol Confidential in an email. "Frankly, this should come as no surprise. This was always a political movement. Science was just an excuse. Trillions will be spent and the recipients will be happy to share a few percent with the politicians. Both assume the public will never check and, so far, they've been right." •

The original version of this story was posted online on February 10, 2025 and is available at MichCapCon.com/32741.

Whitmer admits education system failing despite increased spending

Just 24% of 4th graders can read proficiently, while 24% of 8th graders are proficient in math

BY JAMIE A. HOPE

Gov. Gretchen Whitmer admitted in her State of the State address in February that Michigan spends more on schools than most states, on per pupil basis, but gets worse results.

"I get that this is a national trend, but we invest more per pupil than most states and achieve bottom ten results," said Whitmer in a clip from her address posted by Dave Bondy on Feb. 27.

"We spend more, and we get less," Whitmer said. "It's not acceptable. For our kids, let's do better. Let's face our literacy crisis with fierce urgency."

In her speech, Whitmer said that just 24% of 4th graders can read proficiently and that 24% of 8th graders are proficient in math.

Democratic lawmakers intend to increase spending on education, according to the website of Senate Democrats.

"Senate Democrats are building up Michigan's future by making significant investments in kids and families, from maternal and infant health and child care to innovative and equitable funding for students, schools, and teachers," the plan says.

The governor's State of the State speech marked the first time in seven years that a Democratic politician cited poor reading rates, Rep. Brad Paquette, R-Niles, said in a phone interview with Michigan Capitol Confidential. Paquette, a former teacher, serves on the House Education and Workforce Committee.

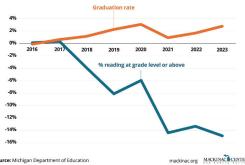
Sen. Dayna Polehanki, D-Livonia, chair of the Senate Education Committee and a former teacher, did not respond to an email seeking comment.

The state's K-12 public education system has experienced a dramatic decline in academic performance, according to the National Assessment of Educational Progress.

Michigan's eighth grade reading score was 263 in 2019, according to the NAEP. It dropped to 259 in 2022 and 255 in 2024.

Only six states fared worse than Michigan in fourthgrade reading, Molly Macek, director of education policy for the Mackinac Center, wrote in a February blog post.





The governor admitted that the state spends more per student than most states, Macek wrote, but she did not present a plan to spend more responsibly on strategies that work.

"And she repealed laws that would have improved accountability and transparency for school performance," Macek wrote.

In 2023, Whitmer created a second state education agency called the Michigan Department of Lifelong Education, Advancement, and Potential. The agency will spend \$6.8M advertising for a no-fee pre-kindergarten program, Michigan Capitol Confidential reported.

The budget of the School Aid Fund has doubled over the past 25 years.

CapCon reported in August that in fiscal year 2000-01, the School Aid Fund was \$10.8 billion, a number that reached \$21 billion in the 2023-24 academic year.

The original version of this story was posted online on March 12, 2025 and is available at MichCapCon.com/32864.

Gilchrist-led trip spent \$245,000 on 2024 overseas trip

Michigan spent \$24,000 sponsoring the Farnborough Air Show in the United Kingdom

BY SCOTT MCCLALLEN

Lt. Gov. Garlin Gilchrist led a delegation that spent about \$245,000 on a five-day economic development trip to Europe, according to more than 1,300 spending documents obtained through a record request.

Gilchrist was the highest-ranking official in a group consisting of at least 13 people. When not in meetings, members visited the Imperial War Museum, the Churchill War Room and the Brooklands Museum.

Most participants on the trip worked for or advised the Michigan Economic Development Corporation, which spent \$24,000 on sponsoring the Farnborough Air Show in the United Kingdom. Flight and hotel records show:

- Lt. Gov. Garlin Gilchrist
- Tracy Winston, chief of staff for the lieutenant governor
- Paul D. Rogers, director of the Michigan Department of Military and Veterans Affairs
- Quentin Messer Jr., CEO of the MEDC
- Justine Johnson, MEDC vice president and chief mobility officer
- Charlie Tyson, MEDC technology activation director
- Ben Marchionna, MEDC chief innovation ecosystem officer
- Col. John Gutierrez (ret.), executive director, Michigan Office of Defense and Aerospace Innovation
- Mark Ignash, senior sector development director and defense advisor for the MEDC
- Vlatko Tomic-Bobas, MEDC investment director
- Katelyn Wilcox, MEDC protocol director
- Jim Makowske, CEO of the Michigan Unmanned Aerial Systems Consortium
- Tony Vernaci, president and founder of the Aerospace Industry Association of Michigan.

The group paid \$60,000 to the Cellet marketing and public relations firm, nearly \$50,000 on airfare, and \$4,688 on



VIP service departure, records show.

Delegation members ate at Izakaya Asian Kitchen and Bar in Amsterdam, Cucina Tipica Italiana Trattoria Due in Hamburg, Bennie Restaurant and Bar in London, and OCO Tower Wharf, where members sipped cherry old fashions and gin martinis.

They reimbursed the cost of food from the Sky Garden Larch during the air show outside London.

The members spent \$25,000 on a hotel deposit at the Westin in London, and \$26,000 on transportation services, photography, and another hotel.

The Michigan Economic Development Corporation calls itself a quasi-government agency, and it argues it was not spending taxpayer money. A separate entity, the Michigan Economic Development Foundation, supports the MEDC. It is funded by contributions from large businesses such as Ford, Meijer and Whirlpool.

Gilchrist, who is running for governor in 2026, hasn't responded to a request for comment about how this spending helped Michigan.

For decades, Michigan's governors have traveled overseas to attract talent and companies regardless of political affiliation, Otie McKinley, media and communications manager at the MEDC, told Michigan Capitol Confidential in an email.

"International travel missions are a critical component in our Make it in Michigan economic development strategy," McKinley wrote. "Building relationships with international companies keeps Michigan top of mind as an ideal place for companies to do business as they look to the United States for potential investment opportunities. The MEDC works closely with the Michigan Economic Development Foundation to support these critically important international missions to drive employment and economic growth to Michigan, without being a burden on Michigan taxpayers."

The group attended the Farnborough Air Show to connect with defense and aerospace companies, he said.

"Michigan's presence at the airshow was a valuable opportunity to build relationships with aerospace suppliers of all sizes," McKinley said. "As these companies look to the United States to expand their footprint and invest, it is our goal to make sure that Michigan is at the top of their consideration list of states with whom to do business."

The aerospace and defense sector contributes \$30 billion in economic activity for Michigan, supporting more than 166,000 jobs and representing nearly 4,000 businesses serving the defense, aerospace, and homeland security sectors, McKinley noted. The Michigan National Guard boasts five major installations and additional armories, including the National All-Domain Training Center in Grayling and one of the largest Air National Guard bases nationwide at Selfridge in Macomb County.

CapCon filed the request more than 200 days ago. The agency released the records on April 1.

Gov. Gretchen Whitmer has traveled overseas three times this year. She spent \$175,000 going to the United Arab Emirates and Bahrain, the Michigan Enjoyer reported, and she also visited Spain (\$69,000) this year.

In 2023, Whitmer spent \$285,000 on a seven-day trip to Japan, according to Center Square. A 2024 Taiwan junket cost \$141,000. ■

The original version of this story was posted online on April 14, 2025 and is available at MichCapCon.com/32979.



Michigan's auto industry boondoggle: billions in subsidies, 287,000 jobs lost

State's manufacturing workforce keeps shrinking

BY SCOTT MCCLALLEN

Michigan taxpayers have dumped billions of dollars into the automotive industry for nearly 30 years but the state has lost 287,300 manufacturing jobs over that time.

Michigan's manufacturing workforce dropped from 881,900 jobs in December 1999 to 594,600 jobs as of January 2025, according to data from the Federal Reserve.

The Michiganders who lost manufacturing jobs over those 25 years could fill the University of Michigan's Big House (107,601) twice over, with a

Ford Field (65,000) to spare, according to John Mozena, who has worked at two of the Big Three automakers as well as at auto suppliers.

"[The auto industry] is highly cyclical and subject to giant macroeconomic factors that play a role in how balance sheets look at the end of any given year," Mozena told Michigan Capitol Confidential in a phone interview. Now, he's the president of the Center for Economic Accountability, a nonprofit organization that promotes the reform of economic development programs.

Some automakers crashed during the 2007-09 recession, an "absolutely groundshaking" event for the auto industry when General Motors filed for bankruptcy, Saab was sold, and Oldsmobile disappeared, Mozena said.

"It was the result not of the fault of the auto industry, but Wall Street and the housing market screwing up people's abilities to finance a car," Mozena said.

Michigan's economy is exposed to the auto industry



because of Metro Detroit's environment — the factories, engineers, and car culture, Mozena said.

"When you are overexposed to any one set of risks in your investment portfolio, the answer isn't to double down and invest more into those, but rather diversify to try to hedge your risks so that you're not so dependent on that one industry for the future," Mozena said.

Michigan's mobility jobs are disappearing, Mozena said, pointing out how GM has shifted from a full building in Detroit to a few towers in the Renaissance Center to a few floors at the Hudson building.

"Fewer and fewer people are needed at all levels to make cars, design, and manufacture cars and trucks," Mozena said. "And that's great from the perspective of the automakers, but not great if you're trying to bet your economy on those workers living in your state."

For example, Michigan taxpayers promised \$1.7 billion to an electric vehicle plant in Marshall before it cut \$1

billion of planned spending and 800 planned jobs.

Questionable forecasts drive these boondoggle projections of auto factories that garner billions of dollars from taxpayers, Mozena said, adding that either the government nor automakers can predict the future.

"The degree to which the MEDC is trying to claim the ability to predict and influence the broad economic cycles of

the auto industry is unrealistic at best and fraudulent at worst," Mozena said.

The primary recipient of corporate welfare is the auto industry, James Hohman, the director of Fiscal Policy at the Mackinac Center for Public Policy, told CapCon in an email.

"Lawmakers do not write big checks to big firms to increase their productivity," Hohman wrote. "They write them because the companies and their lobbyists ask for money. People ought to be more skeptical when their elected representatives hand out their money to private companies."

The industry has \$21.5 billion in corporate welfare authorized since 2000, Hohman said. ■

The original version of this story was posted online on March 25, 2025 and is available at MichCapCon.com/32902.

Michigan House asks taxpayers to fund 800 pork projects

Total more than doubles current record for earmarks

BYJAMIE A. HOPE

Michigan House lawmakers want state taxpayers to fund about 800 pork projects.

Speaker Matt Hall, R-Richland Township, released a list of "legislatively directed spending items" — also known as pork projects — the amount requested, which organizations would benefit, and which legislator requested the spending.

If the 2026 budget were to contain all those requests, pork spending would be more than twice the size of the total for fiscal year 2024, which set a record. One difference, though, is that legislators' requests would be immediately available to the public. Another is that no earmarks would go to any local government whose officials declared their jurisdiction to be a sanctuary for undocumented immigrants, Hall told legislators.

April 18 was the deadline for legislators to request the set-asides. Typically, a legislator will request that an organization, such as a nonprofit or local township, receive a specified amount of taxpayer dollars.

The 2023-24 state budget set aside \$1,842,961,700 for district-specific pork projects.

An expert on state budgets urged lawmakers to turn away from pork projects. "Lawmakers ought to be focused more on spending money to benefit the public than spending money to benefit their district," said James Hohman, director of fiscal policy at the Mackinac Center for Public Policy.

Michigan Capitol Confidential reports each year on earmarks, and the task is made more difficult by a lack of transparency in budget documents.

In years past, state budgets would include many a line item with a vague description of a district earmark but not the name of the organizations that would receive it. The budget usually would not mention which legislator requested the earmark, and legislators would often not respond to requests for information.

For example, CapCon reported

Nov. 6 on a teacher collaborative that was awarded \$2 million. The budget document did not provide the name of the group. It instead included the following description:

"From the funds appropriated in part 1 for community enhancement grants, \$2,000,000.00 shall be awarded to a teacher collaborative located in a county with a population between 600,000 and 700,000 according to the most recent federal decennial census to support programming."

CapCon was able to identify the recipient as the West Michigan Teacher Collaborative. At other times, it has not been able to identify the recipient of a pork project.

Hohman noted in a July 2023 CapCon story that elected officials have favorites and want to show voters they are doing something for their district.

"The people of Michigan will spend \$900,000 in 2024 for a grant program to fund cricket fields. And it may be that a cricket field at Raintree Park in the city of Troy would have been the best applicant for that money — if lawmakers set aside money to a cricket-funding program. But the way to discover the best project is through open legislation and a competitive application process. Earmarks do the opposite. Legislators put in a \$900,000 grant for a cricket field in Troy, not because it was the best potential cricket project, but because some politician asked for it."

CapCon asked two members of the House Appropriations Committee for comment. Its chair, Rep. Ann Bollin, R-Brighton, did not respond to an emailed request for comment. Neither did Vice Chair Rep. Alabas Farhat, D-Dearborn.

The original version of this story was posted online on May 14, 2025 and is available at MichCapCon.com/33020.



Michigan voters reject most May 6 school bond measures

Large-ticket requests fail in Midland, Mt. Clemens, win in Dexter, Ferndale

BY JOHN LAPLANTE

Michigan voters exercised their right to decide whether they would let local school districts increase their property taxes. Most said no, though they approved a few large projects. The largest bond, however, lost by a significant margin.

Michigan Capitol Confidential tracked the fate of 30 bond requests that 29 school districts placed on the May 5 ballot, with a combined value of more than \$1.6 billion. Voters approved 12 of the 30 requests, for a value of \$584 million, but they rejected 18 requests that would have totaled more than \$1 billion. The median value of a successful request was \$27.8 million, while the median value of a failed one was \$34.4 million.

The largest successful request came from the Dexter Community School District, based in Washtenaw County. Its voters approved a \$241.9 million request by a tally of 3,461 to 2,681. In a pre-election flyer, the district said it would create a new theater, upgrade playgrounds, build a recreational facility and purchase buses, among other things. Another large-ticket request that voters approved came from Ferndale Public Schools (\$114.8 million).

The balance of successful measures carried a much smaller price tag, with Wayne County's Redford Union Schools obtaining voter approval to borrow \$44.3 million. Other proposals that succeeded were for smaller amounts. Ferndale officials promised "transformational improvements to the Ferndale Middle and High School building" through

projects that would separate high school and middle school students from each other. Redford officials said they would install new HVAC equipment and upgrade the infrastructure.

Most Metro Detroit school districts that approached voters — Ferndale, Redford, Southgate — won their approval to take on new debt. The Southgate Community School District in Wayne County won approval to borrow \$28 million. But the Mount Clemens Community School District lost in its bid to borrow \$91.8 million.

Officials of Midland Public Schools suffered the largest defeat. More than 68% of voters rejected a plan to borrow \$285 million. A plan by St. Johns Public Schools in Clinton County to borrow \$99.8 million failed when 62% of voters said no. Voters in three districts turned back three other ballot measures to borrow debt of \$80 million to \$90 million: Lamphere Public Schools, Reed City Area Schools and the Allendale Public School District.

One school system, Whiteford Agricultural School District, placed two measures on the ballot for a combined value of \$7.5 million. Both failed. Fitzgerald Public Schools, which a state treasury department document indicated was holding an election in May and was included in an earlier CapCon story, opted to move the request to the August ballot. •

The original version of this story was posted online on May 9, 2025 and is available at MichCapCon.com/33036.

Continued from Trump Administration, Page 1

but the state will have a new attorney general in early 2027. The state's term limit law will prevent Nessel from running for a third term in 2026.

The Justice Department's lawsuit says that Michigan is interfering with federal law, including the Clean Air Act, or with the federal government's exclusive authority over interstate and foreign commerce, greenhouse gas regulation and national energy policy.

Fossil fuel extraction on federal lands generated over \$13.8 billion for the U.S. treasury in 2024, the lawsuit says. "The Department issues leases to produce fossil fuels from federal lands and for

production in areas of the increase if Michigan and other states seek damages from fossil fuel companies," the lawsuit explains.

The federal lawsuit conveys how "frivolous lawfare targeting energy producers" hurts consumers, Jason Hayes, director of energy and environmental policy at the Mackinac Center for Public Policy, told CapCon.

"Work by Chris Horner, [a Washington, D.C. attorney who represents the public interest group Government Accountability and Oversight] and Michigan Capitol Confidential has shown how Nessel's actions are linked with a broader campaign by blue-

state attorneys general and well-funded environmental special interests to impose billions in additional costs on America's fossil fuel industry."

Michigan's environmental agencies staff employees from climate advocacy groups that restrict reliable energy and increase energy costs via net-zero mandates and mandates requiring 100% renewable energy, CapCon has reported.

"The anti-energy litigation and net-zero policies pushed by Nessel and Gov. Whitmer restrict access to reliable energy and drive up costs for all Michigan residents," Hayes wrote. "In contrast, the Mackinac Center's energy and environmental policy work exists

to educate Michiganders about the value of affordable, reliable energy sources and to empower citizens to push back against this destructive agenda."

Michigan Capitol Confidential appears three times in the federal government's court filing: pages two, four and ten.

The Justice Department's lawsuit asks the court to declare the state laws unconstitutional and award the federal government attorney fees. The Justice Department also sued Hawaii for a similar lawsuit.

The original version of this story was posted online on May 6, 2025 and is available at MichCapCon.com/33024.

SOAR program promised 8,812 jobs, delivered none

Republicans lawmakers want to redirect money from corporate welfare to roads



BY SCOTT MCCLALLEN

For decades, Michigan lawmakers have sworn that corporate subsidies create prosperity. Yet the Strategic Outreach Attraction Reserve, Michigan's largest subsidy program, has spent \$670 million in three years after its inception and has not created any jobs, according to a new report.

Politicians promised that the SOAR would create 8,812 jobs.

In 2021, Gov. Gretchen Whitmer

signed Senate Bill 844, which created the Strategic Outreach Attraction Reserve and authorized the state to hand out \$1 billion to select companies. "Today, I am proud to sign another bipartisan bill that will build on Michigan's growing economic momentum, attract billions in investment, and create tens of thousands of good-paying jobs," Whitmer said in 2022. "The bipartisan legislation will help us grow, attract, and retain businesses in Michigan, ensuring we can lead the future of mobility and electrification and bring

supply chains of chips and batteries home to Michigan."

Two significant projects attracted by the fund have either been paused or shrunk few Michigan consumers have adopted electric vehicles. About 50,000 EVs are registered statewide, according to the federal government. The biggest barriers to EV adoption are higher cost compared to standard vehicles, range anxiety, and a sparse charging network, according to Mobility, Science Direct and Kelly Blue Book.

General Motors received \$480 million to redo its Orion Township assembly plant to build full-size EV pickups. The plant will produce the GMC Sierra Denali EV and the Chevrolet Silverado EV, according to GM's website. It has created zero jobs so far.

Ultium Cells LLC received \$120 million. It has created no jobs.

The firm Our Next Energy, which was founded in 2020, received over \$70 million. In 2023, the company laid off 25%

of its employees, CapCon reported.

Ford made headlines with its promised EV factory in Marshall before it cut projected spending by \$1 billion and 800 jobs, securing a 2023 award for the worst economic development deal of the year.

The Michigan House road funding plan would cut \$1 billion from business subsidy programs and instead use it to fund roads. It also would draw on dedicated corporate income tax revenue, taking it away from the state's general funds and putting it toward roads.

The SOAR was poorly designed, said James Hohman, director of fiscal policy at the Mackinac Center for Public Policy.

"It allows companies to cash in on taxpayer subsidies without having to create jobs," Hohman told CapCon. "Lawmakers must wait years to ask for taxpayer money back if deals fail to deliver. It's good that the House lawmakers are working to redirect this money to roads."

Only one of every 11 jobs promised by Michigan public officials in business subsidy announcements actually gets created, according to a Mackinac Center for Public Policy study that analyzed two decades of government grants to private businesses.

The original version of this story was posted online on March 31, 2025 and is available at MichCapCon.com/32929.

Bills would redirect corporate welfare to pave roads

Lawmakers find \$3B in Michigan's vast budget to fix roads without hiking taxes

BY JAMIE A. HOPE

Michigan lawmakers plan to vote on a \$3.1 billion road funding package that would draw funding from business subsidy programs and the state gas tax.

The plan would use \$1.1 billion of corporate welfare programs and dedicate all gas taxes paid at the pump, about \$945 million, to fix the roads.

The state would spend \$600 million of increased state revenue and cut \$500 million in unspecified spending.

House bills 4180 and 4182 aim to remove the sales and use taxes from motor and aviation fuels, which flow to the general fund and School Aid Fund. The School Aid Fund's lost revenue would be replaced with \$755 million a year from sales tax revenue, according to House Bill 4185, sponsored by Grosse Ile's Rep. Rylee Linting, a Republican.

House Bill 4183, introduced by Rep. Tom Kunse, R-Clare, would increase the gasoline and diesel taxes by almost 25 cents a gallon. The bill also would offset the revenue lost by ending the sales tax on fuel, and the money would go to the highway fund.

Michigan drivers won't notice a change in gas prices, Rep. Pat Outman, R-Six Lakes, chair of the Committee on Transportation and Infrastructure, told Michigan Capitol Confidential in a phone interview.

"We are increasing the gas tax, but we're eliminating the sales tax so it's revenue neutral, and the drivers really won't feel a difference there," said Outman.

HB 4184 aims to increase the tax on aviation fuel from three cents to eight



cents per gallon. It also would create a new "qualified airport fund." The increased amount would be split 65% to the qualified airport fund and 35% to the state aeronautics fund.

Rep. Steve Carra, R-Three Rivers, introduced House Bill 4186. It would increase the Michigan Business Tax rate from 4.95% to 30%. The bill intends to push several businesses that still file under the Michigan Business Tax to file taxes under the corporate income tax, according to Outman.

Companies that switch to paying taxes through the corporate income tax would immediately forfeit about \$500 million worth of Michigan Economic Growth Authority tax credits, Outman said.

House Bill 4187 aims to stop the practice of dedicating corporate income

tax revenue to the Strategic Outreach and Attraction Reserve, a program meant to attract large projects via providing corporate subsidies. The first \$2.2 billion in revenue generated from the move would be split three ways: 50% to county roads, 40% to city and village roads and 10% to trunk lines.

Any amount more than \$2.2 billion generated would go to the General Fund.

The bills are tie-barred, so all must pass the House and Senate and be signed into law by Gov. Gretchen Whitmer to take effect.

Whitmer called for more road funding through tax increases in her MI Road Ahead plan.

The second-term governor wants to raise the corporate income tax rate from 6% to 8.5% to raise \$1.6 billion, tax

marijuana at 32% to raise \$470 million, and cut an unspecified \$500 million in spending to fix the roads.

She did not respond to an emailed request for comment.

Lance Binoniemi, vice president of government affairs at the Michigan Infrastructure and Transportation Association, testified in strong support for the legislation.

Although Brad Williams, vice president of political affairs at the Detroit Regional Chamber of Commerce, mostly supported the package, he was concerned over the proposed removal of economic development incentives through SOAR.

The original version of this story was posted online on March 19, 2025 and is available at MichCapCon.com/32896.





Managing Editor: Scott McClallen Designers: Mick McArt, Hannah Golab

Michigan Capitol Confidential is published quarterly by the Mackinac Center for Public Policy, a nonprofit, nonpartisan, tax-exempt research and educational institute devoted to analyzing Michigan public policy issues. Michigan Capitol Confidential is distributed to Michigan residents who have expressed an interest in public policy matters, as well as members of the media and lawmakers and policy staff in the Michigan House, Michigan Senate and Office of the Governor. All rights reserved. Permission to excerpt or reprint is hereby granted provided that Michigan Capitol Confidential, the author and the Mackinac Center for Public Policy are properly cited.

140 West Main Street, Midland, Michigan 48640 989.631.0900 MichCapCon.com Mackinac.org MichiganVotes.org

Michigan Votes.org

Mackinac Center sues Flint Community Schools

Suit alleges troubled district violated Freedom of Information Act over staff travel records



BY JAMIE A. HOPE

The Mackinac Center for Public Policy has sued Flint Community Schools for failing to fulfill a Freedom of Information Act request.

The Mackinac Center Legal Foundation filed the suit April 30 on behalf of Michigan Capitol Confidential after the school

district failed to fulfill a Feb. 17 FOIA request for records on expenditures for out-of-state travel by district staff in 2023 and 2024.

State law requires public bodies to respond to record requests within five business days, which would have been Feb. 24. When CapCon asked for an update March 11, a district official responded

via email that district staff were "working on it."

The district could face thousands of dollars in fines over its non-response to the request.

Under the Freedom of Information Act, the Flint school district could either provide the information, deny the request, or respond that it is taking a 10-day extension. But it did not comply with the law, according to Steve Delie, a Mackinac Center expert on public records.

"By not properly responding to the Mackinac Center's records request, Flint Community Schools failed to fulfill even the most basic of obligations under the Freedom of Information Act," Delie wrote in an email. "This lawsuit shouldn't be necessary, and it represents yet another clear example of how Michigan governments resist transparency."

The Mackinac Center's legal arm, on the same day, requested legal compliance with the state's FOIA fulfillment timeline. The district did not respond.

The lawsuit reads in part:

"FCS' failure to respond to the Center's request is arbitrary and capricious under MCL 15.240(7), thereby subjecting it to a civil fine of \$1,000.00 payable to the general treasury and a separate \$1,000.00 to the Mackinac Center. FCS' failure to respond as required by MCL 15.235(2) constitutes a willful and intentional failure to comply under MCL 15.240b, thereby subjecting it to a civil fine of \$2,500 to \$7,500 payable to the state treasury."

CapCon has filed more than 100 record requests this year. If you know of public information that needs sunlight, let us know.

The original version of this story was posted online on May 7, 2025 and is available at MichCapCon.com/32950.

Whitmer seeks \$7.8M for road funding solution, six years after pledging to fix the roads

Proposal comes after a \$5M study on a vehicle mileage tax

BY SCOTT MCCLALLEN

In 2019, Gov. Gretchen Whitmer campaigned on fixing the damn roads. She pitched a 45-cent-per-gallon gas tax hike that lawmakers rejected.

Six years later and as a second-term governor, Whitmer called again for new taxes to fix the roads. She wants to raise the corporate income tax from 6% to 8.5% to raise \$1.6 billion, tax marijuana 32% at the wholesale level to raise \$470 million, and to make \$500 million in unspecified spending cuts.

"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.

The governor claims that fixing roads and lowering costs for Michiganders have been a top priority. But her 2026 budget proposal called for more taxes: a 1,200% increase on fees for dumping trash and higher fees for hunting and fishing licenses. There are also higher taxes on vaping, but the proposal contains no funding mechanism for fixing roads. The budget would increase spending by \$1 billion and add 800 state employees to the payroll.

"Fixing the damn roads has been a top priority of mine since day one, but the work is far from over," Whitmer said in a February social media post. "We've got a plan to continue fixing the roads — lowering costs, improving safety, and ensuring that next time, EVERY month can be just as great as August."

Whitmer suggested spending \$7.8 million in 2026 — her last year in office, due to term limits — to study a road funding solution. In her first year as governor, 2018, Michigan's budget was \$56.8 billion. The proposed 2026 state budget is \$83.5 billion, or a 47% higher, despite a meager population increase of 120,000 new residents.

Michigan should have spent part of its \$9 billion surplus on fixing the roads, Sen. Aric Nesbitt, who's running for governor in

2026, said on social media Feb. 26.

Instead, Nesbitt continued, the state spent \$4.5 billion on corporate welfare, \$125 million on a battery plant involving a company tied to the Chinese Communist Party, \$15 million for aerial drone projects, and \$10 million on a zoo.

"Like every Democrat governor before her, she's pushing for higher taxes in the name of fixing the roads and once the money is in her hand she's going to spend it on everything but," Nesbitt wrote.

In 2025, Michigan's budget contained \$1 billion in pork spending, Michigan Capitol Confidential reported last year.

In the 2024 budget, taxpayers funded a \$5 million study to analyze a possible vehicle mileage tax. ■

The original version of this story was posted online on April 9, 2025 and is available at MichCapCon.com/32895.