



In corporate welfare, Michigan bets big, loses bigger

Voters should check out their legislators' record on business subsidies

By James M. Hohman | August 2026

Voters get a raw deal when legislators take taxpayer money and give it to select businesses. Corporate subsidies are ineffective at creating jobs, unfair to taxpayers and other businesses, and expensive to the state budget. Every state legislator has a record on the subject, and voters should pay close attention.

Lawmakers tend to like giving special favors to select businesses because it generates good headlines. The companies get money for their new buildings and locations, and writing checks from the treasury to those businesses shows that the candidate is doing something about jobs.

Yet the favors do not deliver on their promise. Economists have used sophisticated methods to tease out the effects of selective business favors. Sometimes they find positive effects, but most of the time they find negative effects. They never find large effects, though. Lawmakers claim these deals will secure the

future of the state, but that is far beyond anything subsidy deals can provide.

While the standard of success for economic development programs should be clear evidence that they develop the economy, the subsidies also fail on a more basic standard. They fail to deliver the jobs announced by lawmakers when they authorize them.

Of the major deals authorized by lawmakers from 2000 to 2020, companies created 9% of the jobs announced when deals were made.

Gov. Whitmer's record is even worse. During her term, Whitmer offered \$2.7 billion in eight deals for companies to create 20,595 jobs. So far, \$1.8 billion has been spent and the companies have created just 602 jobs, according to the latest state reports. Half of the deals have already been cancelled, and only two

might possibly meet job targets that have already been lowered since deals were struck.

While other states practice corporate welfare, too, no state has tried harder than Michigan in recent years to buy its way to prosperity. No state made more deals for \$100 million or more over the past eight years, according to Good Jobs First. Yet employment in the state is at the same level it was in 2019. Jobs in Utah and Idaho are up more than 10% over the period and the states didn't make any deal of this magnitude.

This record is pathetic. Voters are being misled by their representatives about state business subsidy deals.

There are both Republicans and Democrats who have voted for 100% of all the laws that authorized corporate welfare, and there are some in both parties who have voted against all corporate welfare. But there are clear partisan differences. The average Democratic legislator in the legislature today voted for 93% of the subsidy dollars. The average Republican legislator voted for 39% of the subsidy dollars. The record for legislators going back to 2001 is available at the Mackinac Center's business subsidy scorecard.

Lawmakers will often cast their votes on these issues as necessary in order to keep up with other states that also write big checks to select companies. Michigan already outcompetes in writing big checks while falling behind on economic growth. Policymakers ought to try to compete in the policies that matter.

And sometimes the subsidies are not even used to try to compete with other states. Consider the state's most used business subsidy, the Michigan Business Development Program. Lawmakers don't even ask companies to do anything in return for the taxpayer money they award. Companies are eligible regardless of whether they would do anything differently without money.

For a long time, there was little discussion of the poor return Michigan gets for its subsidies. Now that the problem is getting more attention, supporters of corporate welfare have mounted a pretty unconvincing response. Michigan Economic Development Corp. CEO Quentin Messer recently urged Michiganders to give subsidies more time to do their magic, citing CNBC competitiveness scores and hypothetical success stories as evidence in favor of giving public money to politically connected businesses.

These are bad excuses for bad behavior. Perhaps there would be fewer dollars spent on selective business subsidies if voters noticed their representatives' record.

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