



MIDWEST

S T R A T E G Y G R O U P



Rochester Hills City Council Presentation

February 9, 2026

Budget Update

- **Consensus Revenue Estimating Conference**

- FY 2026 Revenue overall decline of \$779.4 million
- FY 2027 Revenue decline \$1.1 billion
 - \$700 million of which is because of the road funding package, the tax cuts on tips, overtime and Social Security
 - \$400 million is because of flattening of the economy and lower than expected business tax revenue

- **Governor Whitmer Budget Presentation**

- Must be completed by February 13

- **Legislatively Directed Spending Items**

- New transparency law provides that all LDSI requests are submitted 45 days prior to final adoption of the budget



Property Tax Reform

- **Constitutional Options**

- Amending Proposal A
- Increasing Sales Tax
- Must be sent to voters for approval

- **Statutory Options**

- Pop-up tax complete elimination
- Pop-up tax elimination for first-time home buyers and seniors
- Pop-up tax half of current law

What's Next?

- **Governor Whitmer Final State of the State**
- **Housing Legislation**
 - Local Preemption vs State Regulation Reform
- **Disabled Veteran's Property Tax Exemption Fix**
 - Providing dedicated revenue to local governments to pay for this property tax credit
 - Phased in over 5 years
- **Water Affordability Legislation**
 - Introduced in the House of Representatives



2026 – Election Year



- Governor, Secretary of State, Attorney General, US Senate, US House, State Senate, State House up for election.
- Ballot Initiatives – Mop Up Michigan, Ranked Choice Voting, “Tax The Rich” & Ax MI Tax.



Questions?

Adam Wright

Wright@midweststrategy.com