



## Growing consensus among Michigan local government leaders on revenue inadequacy, but declining support for local tax options

By Debra Horner and Stephanie Leiser

This report presents the views of Michigan's local government leaders regarding local revenue policy, including whether the state's current system of funding local government will allow them to maintain or improve services, their preferences for raising additional local revenues if given the opportunity, and their perceptions of residents' support for tax increases or cuts. These findings are based on statewide surveys of local government leaders in the spring 2025 wave of the Michigan Public Policy Survey (MPPS) with comparisons to 2012 and 2016 survey waves.

The Michigan Public Policy Survey (MPPS) is an ongoing census survey of all 1,856 general purpose local governments in Michigan conducted since 2009 by the Center for Local, State, and Urban Policy (CLOSUP). Respondents for the Spring 2025 wave of the MPPS include county administrators, board chairs, and clerks; city mayors, managers, and clerks; village presidents, managers, and clerks; and township supervisors, managers, and clerks from 1,328 local jurisdictions across the state.

## Key Findings

- Just 29% of local officials statewide believe that Michigan's current system of funding local government will allow them to at least maintain their jurisdiction's current services. Only 16% believe they will be able to improve or expand services in the future under the current system.
  - » Leaders from the largest jurisdictions, those with at least 30,000 residents, are expressing the most concern. Only 18% of these large jurisdictions say they will be able to maintain service levels under the current funding model.
- A majority (57%) of local leaders say they would support raising local tax revenues if they were given additional discretion to do so by the state. However, this is down from 66% who said the same in 2016, and there is little consensus on which local options they would support.
  - » Three options with the most support are raising local property tax millage rates (33%), levying a local sales tax on alcohol, tobacco, etc. (26%), and a local hotel or tourism tax (26%).
  - » Around 10% of local officials would support local sales or gas taxes, local motor registration fees, or local income taxes.
- A majority of local officials think their residents would be willing to pay higher taxes to avoid cuts to fire (67%) or police (51%) services in the communities where these services are offered. By contrast, most local officials think residents would prefer taking service cuts in order to avoid paying higher taxes for general government operations, economic development, parks/recreation/libraries, or public transit.

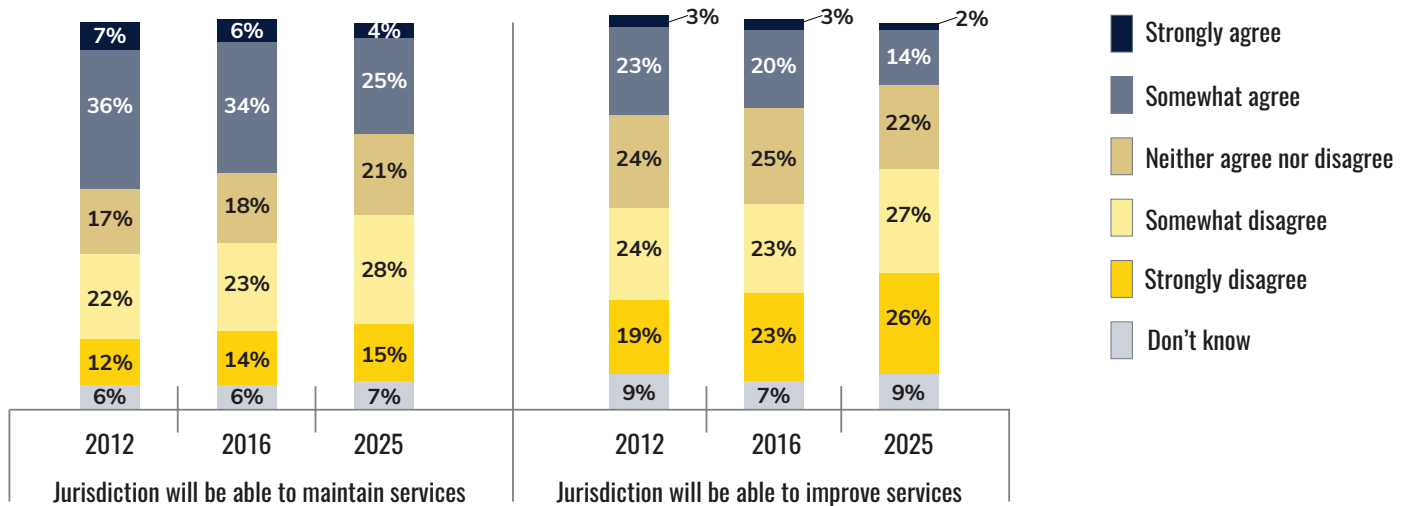
# Growing concern about the inadequacy of local government funding

Since 2012, local leaders have become increasingly pessimistic about the ability of Michigan’s current system of taxation and revenue sharing to provide adequate funding for the state’s local governments.

Several times over the years, the MPPS has asked local leaders whether they believe the current system of funding local government will provide adequate revenue to allow their government to maintain the package of services they currently provide. This year, just 29% statewide agree (see *Figure 1*). This is down from 40% in 2016 and 43% in 2012, immediately after the end of the Great Recession. Correspondingly, the proportion of local governments that say they won’t be able to maintain their current services has been growing, from 34% in 2010 to almost half (43%) today.

Furthermore, only 16% believe Michigan’s system of funding local governments will provide adequate revenue to allow for improvement of current services or addition of new services in the future, down from around a quarter who said the same in 2012 and 2016. A majority (53%) predict they will not be able to improve or add services in the future.

**Figure 1**  
Local leaders' views on whether Michigan’s current system of funding local government will provide adequate funding to maintain or improve the services their jurisdiction provides, 2012-2025



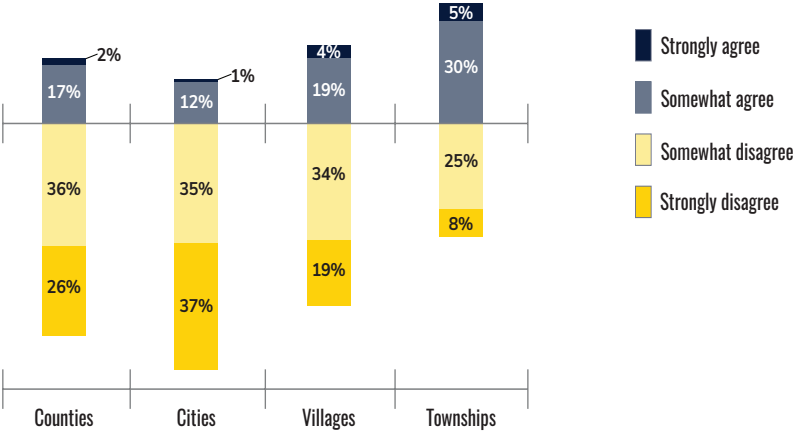
Note: In 2012 and 2016, the question text specified “...if the economy improves over the coming years, do you agree or disagree that the current system of funding the local government will provide adequate funding to [maintain/improve services].” In 2025, the question simply read, “... do you agree or disagree that Michigan’s current system of funding local government will provide adequate funding to [maintain/improve services].” This change in wording may explain some of the change in assessments.

# Officials from larger jurisdictions are particularly doubtful about maintaining services

What optimism there is about maintaining services under the state’s current system of local government funding can be found primarily among Michigan’s townships, which tend to offer a smaller package of services, and tend to report greater fiscal stability over the last decade.<sup>1</sup> A little over a third of townships (35%) agree they will be able to maintain services under the current system. Meanwhile, the outlook is more pessimistic for counties, villages, and especially cities, where only 13% believe the funding system will allow them to maintain their current levels of service provision and nearly three-quarters (72%) disagree (see *Figure 2a*).

Similarly, the larger the jurisdiction, the more likely that officials will express doubt about funding adequacy. Among the state’s largest jurisdictions with more than 30,000 residents, only 18% believe they will be able to maintain their current services based on the current funding model (see *Figure 2b*).

**Figure 2a**  
Local leaders’ views on whether Michigan’s current system of funding local government will provide adequate funding to maintain services, 2025, by jurisdiction type



Note: Responses for “neither agree nor disagree” and “don’t know” not shown.

**Figure 2b**  
Local leaders’ views on whether Michigan’s current system of funding local government will provide adequate funding to maintain services, 2025, by population size



Note: Responses for “neither agree nor disagree” and “don’t know” not shown.

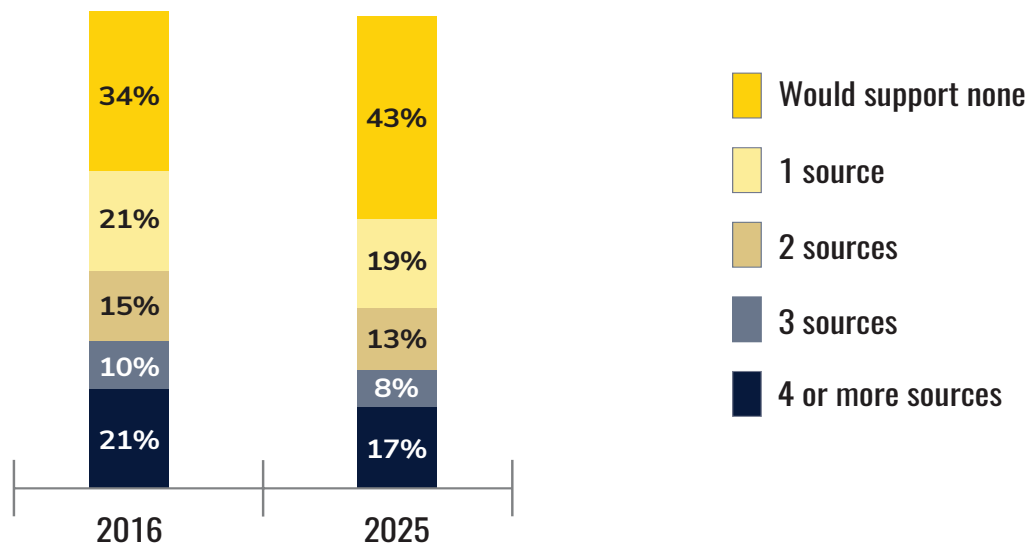
## A majority of local leaders generally support local tax options, but enthusiasm has declined in recent years and no single type gets broad-based support

The main source of revenue for local governments in Michigan is the local property tax, which is strictly limited at the community level by the 1978 Headlee Amendment and at the individual parcel level by Proposal A of 1994.<sup>2</sup> State statutory revenue sharing, another key source of funding for many Michigan local governments, has been in decline over decades, and according to House Fiscal Agency Analysis, is now hundreds of millions of dollars below full funding each year.<sup>3</sup> Some policy analysis, such as work from the Citizens Research Council of Michigan,<sup>4</sup> has recommended expanding access to local-option taxes to provide local officials more opportunities and discretion to raise revenue locally. Local option taxes are relatively rare in Michigan, although they are commonly used in other states. For example, in Michigan, only 24 cities impose local income taxes, but in Ohio there are 675 municipalities and 199 school districts which rely on local income taxes.<sup>5</sup> Expanding local tax options in Michigan would likely require legislative change at the state level. Then each local unit could choose whether to seek approval from local voters.

In both 2016 and 2025, the MPPS asked local leaders whether they would want to take advantage of expanded authority to raise additional local revenues, including options that are not currently available to local units.

This year, a majority (57%) of local leaders say that they would support introducing or increasing at least one of the nine potential local tax options identified on the survey, down significantly from nearly two-thirds (66%) who supported at least one in 2016 (see *Figure 3*).

**Figure 3**  
Number of local revenue options (from the list of nine presented in Figure 4) that local leaders say they would support pursuing, 2016 vs. 2025



Looking at each of the of nine possible local taxes individually, more local officials oppose than support each option (see *Figure 4*). Increasing local property tax millage rates receives the highest level of support —33% supporting vs. 36% in opposition— but this is down from 40% who supported increased millage rates in 2016 (see *Appendix A* for comparisons between 2016 vs. 2025).

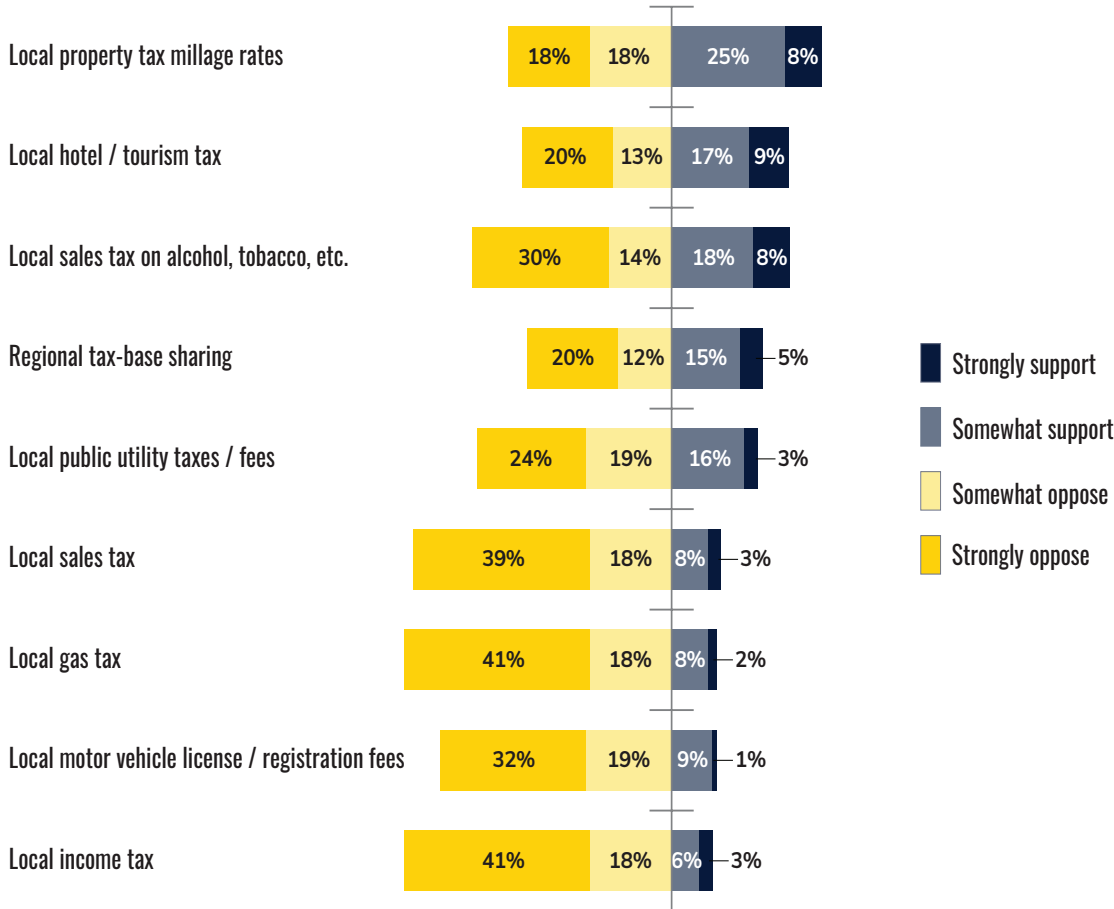
Looking by population size, 42% of local leaders from the state’s larger jurisdictions (those with over 10,000 residents) would support raising local property tax millage rates, compared with 32% of the smallest (*Appendix A* also contains a breakdown of views on all nine options by population size).

The next most popular tax options are a local hotel/tourism tax and a local sales tax on alcohol/tobacco, with each receiving support from 26% of local leaders.. In particular, jurisdictions with over 30,000 residents are twice as likely to support either a tourism tax (52%) or a local sales tax on alcohol and tobacco (42%) than are smaller jurisdictions statewide.

Only around 10% of local officials support local sales or gas taxes, local motor registration fees, or local income taxes.

Meanwhile, other than support for a local tourism tax, which has remained consistent, local leaders’ support for each of the other eight local tax options asked about on the MPPS has declined since 2016.

**Figure 4**  
Local leaders’ support for or opposition to their jurisdiction introducing or increasing various local revenue options, 2025



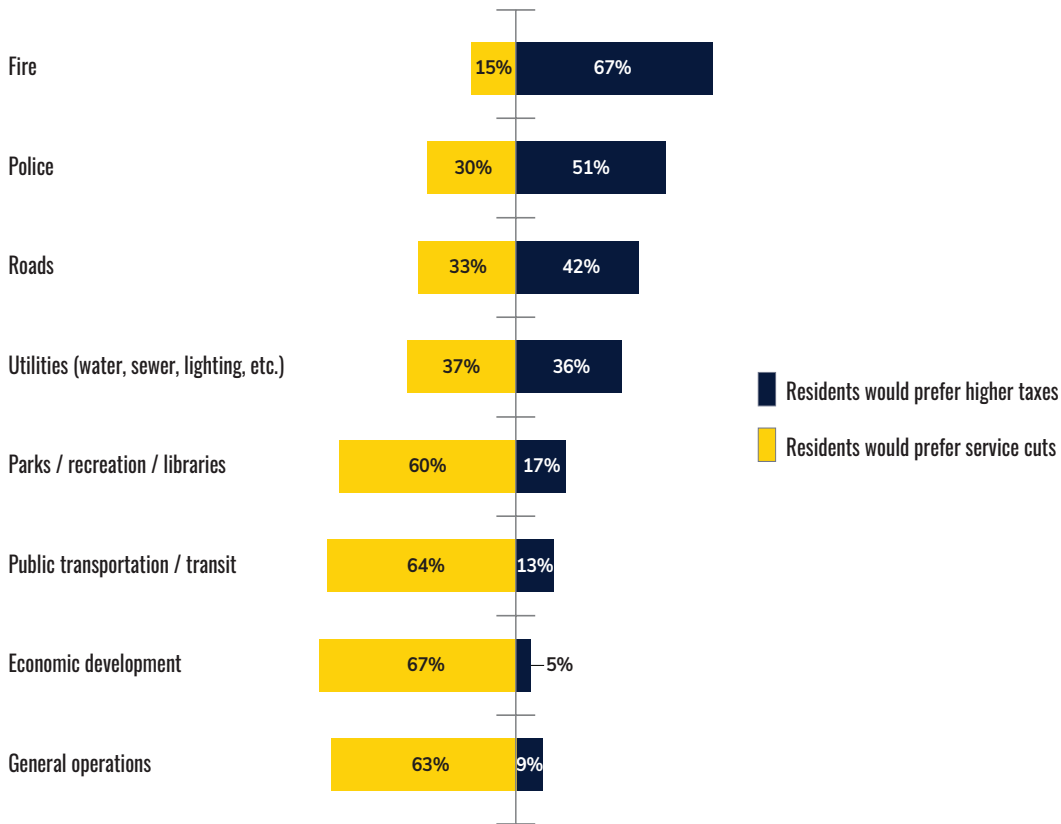
Note: Responses for “neither support nor oppose” or “don’t know” not shown.

# Local officials believe their residents prefer service cuts to tax hikes for all but public safety services

Predicting when local officials might turn to these new revenue options may depend on what they think their residents’ preferences are. What would residents want if forced to choose between more or better services with higher taxes vs. fewer services and lower taxes? In general, local officials think that there are very few types of services for which citizens would choose higher taxes to avoid service cuts. Specifically, in jurisdictions that offer the service, a majority of local officials think their residents would be willing to pay higher taxes to avoid cuts to fire (67%) or police (51%) services (see *Figure 5*). However, most local officials think that their residents would prefer service cuts to general government operations, economic development, parks/recreation/libraries, or public transit, rather than paying higher taxes, in the communities where these are offered. Roads and utilities are a bit of a middle ground: slightly more local leaders think that the community would prefer to pay more for these services than to see cuts.

Local leaders in the state’s largest local governments (those with more than 30,000 residents) are more likely to believe their residents would prefer higher taxes rather than cuts on fire services (81%), police (76%), and parks and recreation (34%). However, fewer than 2% in the largest jurisdictions think residents would prefer to pay higher taxes for either economic development or general operations (see *Appendix B*).

**Figure 5**  
Local leaders’ views on whether residents would pay higher taxes to avoid service cuts, or take service cuts to avoid higher taxes for a range of services (among jurisdictions that provide the service)



Note: Responses of “not applicable” omitted and responses for “don’t know” not shown.

## Conclusion

The findings of this report underscore a growing concern among Michigan's local officials regarding the sustainability of Michigan's current system for funding local government, but also reluctance to pursue local tax options.

Local leaders' confidence in their government's ability to maintain, much less expand, the package of services they offer is declining, particularly among leaders from larger jurisdictions. Fewer than one in three officials statewide (including fewer than one in five in larger communities) believe their jurisdictions can maintain existing service levels under Michigan's current approach to funding local governments.

However, local officials are ambivalent about whether local option taxes are the solution to the problem of local funding. While there is modest support for introducing or expanding local tax options as a means to address these fiscal challenges, no single tax option gains majority support among local leaders. The most widely supported measures, such as increases in property tax millages (33%) or the introduction of tourism-related and selective sales taxes (26%), still leave sizeable portions of leaders in opposition. Moreover, enthusiasm for expanding local taxing authority has declined since 2016, reflecting increased skepticism or caution among officials.

Although 57% of local leaders would support raising some kind of additional local revenues if given the authority, just a quarter (25%) would pursue more than two new revenue streams. This suggests that if the state would consider giving new taxing authority to local governments, local leaders believe a one-size-fits-all approach would not be helpful.

Local officials say their residents are more willing to accept tax increases to avoid cuts to fire and police operations, in communities that provide those services. However, for many other important local operations and programs, officials believe residents would choose reductions in services over higher taxes.

Taken together, these trends suggest that Michigan's current system is falling short of providing flexible, sustainable funding for local governments, especially as demands on local services continue to grow. However, there is no clear consensus on policies to expand local taxing authority. Moving forward, state policymakers must recognize not only the limitations of the existing model but also the complex landscape of local preferences and willingness to embrace new revenue streams.



## Notes

1. Fitzpatrick, N., Horner, D., and Ivacko, T. (2024, January) *Survey of Michigan local leaders finds major short-term boost in financial aid doesn't change fundamentals of fiscal stress*. Ann Arbor, MI: Center for Local, State, and Urban Policy at the Gerald R. Ford School of Public Policy, University of Michigan. Retrieved from <https://closup.umich.edu/michigan-public-policy-survey/120/survey-michigan-local-leaders-finds-major-short-term-boost-financial-aid-doesnt>
2. Citizens Research Council of Michigan. (2018, February). *Diversifying Local-Source Revenue Options in Michigan*. Retrieved from [https://crcmich.org/wp-content/uploads/rpt399\\_Local\\_Option\\_Taxes-5.pdf](https://crcmich.org/wp-content/uploads/rpt399_Local_Option_Taxes-5.pdf)
3. Gielczyk, B. (2024, August). *Budget Briefing: State Revenue Sharing*. Retrieved from [https://www.house.mi.gov/hfa/PDF/Briefings/State\\_Revenue\\_Sharing\\_Budget\\_Briefing\\_fy24-25.pdf](https://www.house.mi.gov/hfa/PDF/Briefings/State_Revenue_Sharing_Budget_Briefing_fy24-25.pdf)
4. Citizens Research Council of Michigan. (2018, February).
5. Ohio Communications Office, Chief Counsel's Office, & Tax Analysis Division. (2024). *Ohio Department of Taxation, Annual Report Fiscal Year 2024*. Retrieved from [https://dam.assets.ohio.gov/image/upload/tax.ohio.gov/communications/publications/annual\\_reports/2024annualreport.pdf#page=112](https://dam.assets.ohio.gov/image/upload/tax.ohio.gov/communications/publications/annual_reports/2024annualreport.pdf#page=112)

## Survey Background and Methodology

The MPPS is an ongoing survey program, interviewing the leaders of Michigan’s 1,856 units of general-purpose local government, conducted by the Center for Local, State, and Urban Policy (CLOSUP) at the University of Michigan in partnership with the Michigan Municipal League, Michigan Townships Association, and Michigan Association of Counties. Surveys are conducted each spring (and prior to 2018, were also conducted each fall). The program has covered a wide range of policy topics and includes longitudinal tracking data on “core” fiscal, budgetary and operational policy questions and is designed to build up a multi-year time series.

In the Spring 2025 iteration, surveys were sent by the Center for Local, State, and Urban Policy (CLOSUP) via email and hardcopy to top elected and appointed officials (including county administrators and board chairs; city mayors and managers; village presidents, clerks, and managers; and township supervisors, clerks, and managers) from all 83 counties, 280 cities, 253 villages, and 1,240 townships in the state of Michigan. More information is available at <https://closup.umich.edu/michigan-public-policy-survey/mpps-2025-spring>.

The Spring 2025 wave was conducted from April 7 – June 12, 2025. A total of 1,328 local jurisdictions returned valid surveys (72 counties, 208 cities, 162 villages, and 886 townships), resulting in a 72% response rate by unit. Quantitative data are weighted to account for non-response. Missing responses are not included in the tabulations unless otherwise specified. Some report figures may not add to 100% due to rounding within response categories. “Voices Across Michigan” verbatim responses, when included, may have been edited for grammar and brevity.

See CLOSUP’s website for the full question text on the survey questionnaire. Detailed tables of the data in this report, including breakdowns by various jurisdiction characteristics such as community population size, region, and jurisdiction type, will be available soon at <http://mpps.umich.edu>.

*The survey responses presented here are those of local Michigan officials, while further analysis represents the views of the authors. Neither necessarily reflects the views of the University of Michigan, or of other partners in the MPPS.*

## Appendix A

Support for and opposition to pursuing additional local revenues, by jurisdiction population size

			Population Size					All jurisdictions
			<1,500	1,500-5,000	5,001-10,000	10,001-30,000	>30,000	
Local property tax millage rates	2016	Support	38%	35%	45%	50%	50%	40%
		Oppose	31%	36%	30%	28%	28%	32%
	<b>2025</b>	<b>Support</b>	<b>32%</b>	<b>30%</b>	<b>37%</b>	<b>38%</b>	<b>41%</b>	<b>33%</b>
		<b>Oppose</b>	<b>37%</b>	<b>38%</b>	<b>33%</b>	<b>36%</b>	<b>30%</b>	<b>36%</b>
Local income tax	2016	Support	7%	10%	17%	21%	25%	12%
		Oppose	61%	60%	53%	55%	50%	59%
	<b>2025</b>	<b>Support</b>	<b>7%</b>	<b>8%</b>	<b>8%</b>	<b>13%</b>	<b>22%</b>	<b>9%</b>
		<b>Oppose</b>	<b>56%</b>	<b>65%</b>	<b>58%</b>	<b>63%</b>	<b>47%</b>	<b>59%</b>
Local sales tax	2016	Support	13%	16%	23%	32%	25%	17%
		Oppose	55%	56%	50%	48%	50%	54%
	<b>2025</b>	<b>Support</b>	<b>7%</b>	<b>11%</b>	<b>18%</b>	<b>14%</b>	<b>25%</b>	<b>11%</b>
		<b>Oppose</b>	<b>58%</b>	<b>60%</b>	<b>52%</b>	<b>58%</b>	<b>45%</b>	<b>57%</b>
Local gas tax	2016	Support	10%	15%	18%	26%	17%	14%
		Oppose	59%	57%	55%	48%	54%	57%
	<b>2025</b>	<b>Support</b>	<b>7%</b>	<b>9%</b>	<b>12%</b>	<b>16%</b>	<b>17%</b>	<b>10%</b>
		<b>Oppose</b>	<b>58%</b>	<b>63%</b>	<b>52%</b>	<b>57%</b>	<b>47%</b>	<b>59%</b>
Local sales tax on alcohol, tobacco, etc.	2016	Support	30%	31%	39%	40%	31%	32%
		Oppose	41%	44%	38%	39%	41%	41%
	<b>2025</b>	<b>Support</b>	<b>21%</b>	<b>28%</b>	<b>27%</b>	<b>28%</b>	<b>42%</b>	<b>26%</b>
		<b>Oppose</b>	<b>46%</b>	<b>44%</b>	<b>41%</b>	<b>47%</b>	<b>31%</b>	<b>44%</b>

<b>Local public utility taxes / fees</b>	2016	Support	17%	23%	28%	31%	27%	22%
		Oppose	41%	41%	37%	32%	41%	40%
	<b>2025</b>	<b>Support</b>	<b>15%</b>	<b>20%</b>	<b>24%</b>	<b>23%</b>	<b>30%</b>	<b>19%</b>
		<b>Oppose</b>	<b>43%</b>	<b>45%</b>	<b>39%</b>	<b>45%</b>	<b>37%</b>	<b>43%</b>
<b>Local hotel / tourism tax</b>	2016	Support	20%	21%	24%	40%	47%	25%
		Oppose	35%	36%	35%	28%	20%	34%
	<b>2025</b>	<b>Support</b>	<b>19%</b>	<b>23%</b>	<b>35%</b>	<b>34%</b>	<b>51%</b>	<b>26%</b>
		<b>Oppose</b>	<b>34%</b>	<b>38%</b>	<b>21%</b>	<b>32%</b>	<b>20%</b>	<b>33%</b>
<b>Local motor vehicle license / registration fees</b>	2016	Support	9%	15%	21%	23%	21%	14%
		Oppose	56%	53%	46%	43%	43%	52%
	<b>2025</b>	<b>Support</b>	<b>7%</b>	<b>10%</b>	<b>12%</b>	<b>19%</b>	<b>23%</b>	<b>10%</b>
		<b>Oppose</b>	<b>52%</b>	<b>55%</b>	<b>47%</b>	<b>50%</b>	<b>38%</b>	<b>51%</b>
<b>Regional tax-base sharing</b>	2016	Support	20%	22%	24%	26%	30%	22%
		Oppose	30%	36%	37%	35%	28%	34%
	<b>2025</b>	<b>Support</b>	<b>18%</b>	<b>20%</b>	<b>27%</b>	<b>23%</b>	<b>32%</b>	<b>20%</b>
		<b>Oppose</b>	<b>29%</b>	<b>35%</b>	<b>28%</b>	<b>36%</b>	<b>33%</b>	<b>32%</b>

## Appendix B

Local leaders' views on whether residents would pay higher taxes to avoid service cuts, or take service cuts to avoid higher taxes for a range of services (among jurisdictions that provide the service), by jurisdiction population size

			Population Size					All jurisdictions
			<1,500	1,500-5,000	5,001-10,000	10,001-30,000	>30,000	
Police services	2016	Residents prefer higher taxes	41%	47%	57%	75%	65%	52%
		Residents prefer service cuts	33%	36%	22%	17%	20%	29%
	2025	<b>Residents prefer higher taxes</b>	<b>41%</b>	<b>46%</b>	<b>50%</b>	<b>68%</b>	<b>76%</b>	<b>51%</b>
		<b>Residents prefer service cuts</b>	<b>37%</b>	<b>33%</b>	<b>26%</b>	<b>18%</b>	<b>13%</b>	<b>30%</b>
Fire services	2016	Residents prefer higher taxes	65%	71%	74%	77%	66%	69%
		Residents prefer service cuts	16%	14%	13%	15%	19%	15%
	2025	<b>Residents prefer higher taxes</b>	<b>64%</b>	<b>69%</b>	<b>59%</b>	<b>73%</b>	<b>81%</b>	<b>67%</b>
		<b>Residents prefer service cuts</b>	<b>18%</b>	<b>14%</b>	<b>16%</b>	<b>16%</b>	<b>4%</b>	<b>15%</b>
Parks/recreation/libraries	2016	Residents prefer higher taxes	14%	19%	19%	30%	37%	20%
		Residents prefer service cuts	58%	61%	55%	58%	45%	58%
	2025	<b>Residents prefer higher taxes</b>	<b>16%</b>	<b>15%</b>	<b>14%</b>	<b>24%</b>	<b>34%</b>	<b>17%</b>
		<b>Residents prefer service cuts</b>	<b>60%</b>	<b>63%</b>	<b>60%</b>	<b>56%</b>	<b>49%</b>	<b>60%</b>
Roads	2016	Residents prefer higher taxes	44%	45%	46%	64%	47%	46%
		Residents prefer service cuts	31%	31%	25%	21%	36%	30%
	2025	<b>Residents prefer higher taxes</b>	<b>41%</b>	<b>42%</b>	<b>37%</b>	<b>47%</b>	<b>47%</b>	<b>42%</b>
		<b>Residents prefer service cuts</b>	<b>34%</b>	<b>32%</b>	<b>33%</b>	<b>33%</b>	<b>28%</b>	<b>33%</b>

<b>Public transportation/transit</b>	2016	Residents prefer higher taxes	16%	12%	12%	27%	28%	17%
		Residents prefer service cuts	47%	67%	70%	59%	53%	59%
	<b>2025</b>	<b>Residents prefer higher taxes</b>	<b>14%</b>	<b>14%</b>	<b>6%</b>	<b>16%</b>	<b>9%</b>	<b>13%</b>
		<b>Residents prefer service cuts</b>	<b>62%</b>	<b>62%</b>	<b>68%</b>	<b>67%</b>	<b>67%</b>	<b>64%</b>
<b>Economic development</b>	2016	Residents prefer higher taxes	7%	5%	7%	16%	10%	8%
		Residents prefer service cuts	56%	65%	60%	67%	64%	62%
	<b>2025</b>	<b>Residents prefer higher taxes</b>	<b>9%</b>	<b>2%</b>	<b>8%</b>	<b>5%</b>	<b>2%</b>	<b>5%</b>
		<b>Residents prefer service cuts</b>	<b>58%</b>	<b>68%</b>	<b>70%</b>	<b>77%</b>	<b>79%</b>	<b>67%</b>
<b>Utilities (water, sewer, lighting, etc.)</b>	2016	Residents prefer higher taxes	37%	38%	36%	50%	44%	39%
		Residents prefer service cuts	35%	38%	33%	35%	28%	35%
	<b>2025</b>	<b>Residents prefer higher taxes</b>	<b>35%</b>	<b>35%</b>	<b>30%</b>	<b>43%</b>	<b>46%</b>	<b>36%</b>
		<b>Residents prefer service cuts</b>	<b>39%</b>	<b>38%</b>	<b>35%</b>	<b>33%</b>	<b>33%</b>	<b>37%</b>
<b>General operations (tax collections, accounting, training for officials, etc.)</b>	2016	Residents prefer higher taxes	10%	8%	9%	11%	3%	9%
		Residents prefer service cuts	58%	63%	67%	74%	80%	63%
	<b>2025</b>	<b>Residents prefer higher taxes</b>	<b>12%</b>	<b>7%</b>	<b>7%</b>	<b>8%</b>	<b>1%</b>	<b>9%</b>
		<b>Residents prefer service cuts</b>	<b>57%</b>	<b>64%</b>	<b>65%</b>	<b>66%</b>	<b>81%</b>	<b>63%</b>

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Dearborn

**Katherine E. White**  
Ann Arbor

**Domenico Grasso**  
(*ex officio*)