

# 2025 CAPITOL UPDATE

YEAR IN REVIEW



The Michigan Legislature completed work on December 18, 2025, concluding the first year of the 2025-2026 session under divided government control. Republicans maintained a narrow majority in the House, Democrats held the Senate, and Governor Gretchen Whitmer continued to shape executive priorities.

This division, combined with economic pressures—including revenue shortfalls tied to tax shifts and delays in federal policy implementation—constrained overall legislative output and saw very few bills signed into law (74 total).

Key engineering industry priorities, such as infrastructure reforms, environmental standards, and procurement-related changes, saw incremental movement but frequently slowed amid cross-chamber negotiations. While lawmakers achieved bipartisan success on targeted economic development measures, including tax abatements and brownfield program expansions, broader policy initiatives advanced unevenly, reflecting the structural challenges of a split legislature.

Throughout the year, committee bottlenecks and attendance challenges further complicated progress on complex legislation. House Republicans emphasized fiscal restraint in response to projected budget deficits, while Senate Democrats focused on transparency and program accountability.

Engineering stakeholders, led by ACEC/Michigan, remained actively engaged through advocacy efforts, including the April 15 Legislative Day in Lansing, promoting sustainable transportation funding, Qualification-Based Selection (QBS) expansion, and professional safeguards. Despite persistent hurdles, the session produced several targeted infrastructure-related wins, positioning the engineering community for continued advocacy in 2026.

On the National front, ACEC was successful in protecting several tax advantages for engineering firms in the passage of the One Big Beautiful Bill Act, including fixes to the R&D Tax Credit.

## Transportation Funding

Unique funding alternatives were proposed by House Speaker Matt Hall and Governor Whitmer, and Senate Majority Leader Brinks finally caved to announce a compromise funding solution expected to generate nearly \$2B per year.

The landmark change was the elimination of the 6% sales tax on fuel and replacing it with a 20 cent-per-gallon fuel tax, now ensuring that all taxes at the pump will go to transportation.

Additional funding will also come from redirecting \$688 million in Corporate Income Tax revenue starting FY 2026 and a new 24% wholesale excise tax on marijuana projected at \$420 million annually. The reforms reduce volatility amid rising fuel efficiency and electric vehicle adoption. A large portion of the new funding is targeted to local roads as they did not benefit from the Governor's Rebuilding Michigan bonding program.

For engineering firms, this creates a more stable environment for multi-year projects and reduces the impending cliff in road funding that was projected. ACEC/Michigan obtained a \$70,000 ACEC Minuteman Fund grant to implement a public relations effort to help push the funding across the finish line.

## 2026 Legislative Events



**Legislative Day Webinar:**  
April 22

**State Legislative Day:**  
April 30  
Lansing, Michigan

**National Legislative Summit:**  
May 3 - 6  
Washington, DC

## State Budget & Economic Outlook for FY25-26

Governor Gretchen Whitmer signed the balanced, bipartisan FY 2026 budget into law on October 7, 2025, totaling \$81 billion and marking a pivotal shift in fiscal planning.

The engineering & construction industry was successful in putting immense pressure on lawmakers to include a long-term, sustainable solution to Michigan's transportation funding shortfall.

### Qualifications-Based Selection (QBS)

One of ACEC/Michigan's top legislative priorities in 2025, [House Bill 4774](#) advances the use of QBS for architectural, engineering, and surveying services procured by state agencies.

The bill aligns Michigan with the Federal Brooks Act and the majority of states by requiring agencies to prioritize qualifications, experience and demonstrated competence, rather than lowest bid. This approach recognizes that design decisions drive more than 95% of a project's lifecycle costs and promotes better long-term outcomes, innovation, and public safety.

After testimony by ACEC/Michigan in support of [House Bill 4774](#), the bill was reported favorably by the House Regulatory Reform Committee on October 16, 2025 and passed the full Michigan House of Representatives on December 17, 2025. The bill was subsequently referred to the Senate Standing Committee on Regulatory Affairs, where ACEC/Michigan will continue to engage Senate leadership and stakeholders to advance the legislation in 2026.



ACEC/Michigan members meeting with Michigan gubernatorial candidate, Detroit Mayor Mike Duggan

### Land Division Act Amendments

[Public Act 58 of 2025](#), enacted from Senate Bill 23 (H-1), amends Michigan's Land Division Act to increase the number of parcels that may be created from a single tract of land. The legislation reflects ongoing legislative efforts to address housing supply constraints while raising important questions related to infrastructure planning, land use oversight, and long-term community impacts.

Under prior law, the first 10 acres of a parent tract could be divided into no more than four parcels. Beginning one year after the effective date, Public Act 58 allows that same 10-acre tract to be divided into up to 10 parcels, increasing the number of buildable lots that may be created without triggering traditional subdivision requirements.

In addition, the Act authorizes municipalities and counties with land-division approval authority to adopt local ordinances permitting even greater numbers of parcels than otherwise allowed under state law. This local-option provision takes effect immediately upon enactment.

Previous legislation called for up to 20 splits, but multiple meetings with the bill sponsor by ACEC engineers and surveyors resulted in the number being reduced to 10. ACEC and MSPS also cautioned that parcel proliferation without corresponding infrastructure planning could create long-term challenges for local governments and taxpayers.



ACEC/Michigan members meeting with Congressman Tim Walberg



ACEC/Michigan members meeting with House Speaker Matt Hall



ACEC/Michigan members meeting with Congressman Tom Barrett

## Environmental & Water-Related Legislation

2025 saw progress on environmental protections relevant to engineering:

- Senate Bill 46: Expands EGLE's emergency drinking water order authority; passed Senate June 26, 2025.
- Senate Bills 246–247 and House Bills 4389 & 4393: Modernize hazardous waste regulations, fees, and remediation funding; fees extended through FY 2029. SB 246 & 247 passed the Senate August 26, 2025.
- House Bills 4352, 4353, 4354, and 4355: Update municipal water and sewer authority governance. Bills passed the House on December 17, 2025.
- House Bill 4427: Establishes "Brown Alert" for sewage/E. coli overflows. Passed the House October 30, 2025.
- Senate Bills 504–505: Require microplastics testing in drinking water. No action on bills.
- House Bills 4314, 4940, 5115: Address surface debris removal with permit exemption and underground storage tank funds. HB 4314 passed the House on December 10, 2025.
- Senate Bill 441: Defines the parameters for the creation of a stormwater utility by local units of government. No action on bill.

## Regulatory Reform & Professional Licensure

Introduced on September 11, 2025, House Bills 4913 and 4914 proposed changes to Michigan's professional licensure framework that ACEC/Michigan strongly opposed due to concerns about public safety, accountability, and the erosion of long-standing professional standards.

- HB 4913 (Education Equivalency): Would weaken "responsible charge" requirements by allowing broader education substitutions for licensure. ACEC testified in opposition and the bill narrowly failed to advance in committee and is no longer active.
- HB 4914 (Licensed Firm Principal Requirements): Amends the Occupational Code governing firm licensure for architecture, engineering, and surveying. As originally introduced, the bill would eliminate the long-standing requirement that two-thirds of a firm's principals be licensed, significantly expanding the ability of unlicensed individuals to control professional practice.

ACEC/Michigan and legislative partners strongly opposed HB 4914, but it was passed out of committee on party lines and was sent to the Rules Committee before going to the full House. After members of the Rules Committee put up opposition, committee chair Representative Bill Schuette met with ACEC/Michigan and AIA-Michigan and presented a compromise (H-1 substitute) that would change the 2/3 requirement to 51%. Following extensive discussions within each organization, ACEC/Michigan, AIA-Michigan, and the Michigan Society of Professional Engineers (MSPE) agreed to accept Representative Schuette's compromise approach reflected in the substitute.

On December 16, 2025, HB 4914 (H-1) was reported by the Rules Committee and passed the full House of Representatives on December 17, 2025. The bill has been referred to the Senate Committee on Regulatory Affairs.



ACEC/Michigan members preparing for meetings on Capitol Hill

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HNTB Michigan  
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Tetra Tech  
Tyme Consulting Engineers\*

\*Met or exceeded 2025 Firm Goal

ACEC MI PAC

\$38,730 raised  
Goal Exceeded



51 Firms

208 Individuals



\$28,991 raised  
Goal Exceeded



33 Firms



91 Individuals

ACEC PAC