



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

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LT. GOVERNOR

EXECUTIVE DIRECTIVE

No. 2025-5

To: State Department Directors and Autonomous Agency Heads
From: Governor Gretchen Whitmer
Date: July 31, 2025
Re: Impact of Washington Republicans' Tariffs on Michigan's Economy

Since January, actions on tariffs have led to massive economic uncertainty for families, businesses, and communities across Michigan. Rapidly changing prices on critical inputs for manufacturing and agriculture (two of Michigan's leading sectors) have made it difficult for decisionmakers to make capital investments for the future.

Throughout the state, we are already feeling the harm. The Big Three auto companies have indicated they face significant cost increases, citing tariffs as the major culprit. Last week, an auto parts firm announced that supply-chain disruptions and cost increases caused by the tariffs will force it to close its facility in Ferndale and lay off over a hundred employees. Even a Zeeland clock company that has weathered economic storms for nearly a century is now shutting its doors, citing harm caused by the tariffs.

Many companies have not yet had to react to the new tariffs because they are still working through inventory purchased before these new tariff rates were imposed. However, as tariff rates continue to rise and stockrooms empty, companies will have to increase prices and review payrolls. U.S. employers could face a direct cost of \$82.3 billion because of the federal tariff plans. While some businesses may be able to keep prices stable for some time, rising costs will at some point force them to respond through price hikes, layoffs, hiring freezes, or lower profit margins. And while businesses will take a large hit from these tariffs, consumers will bear the burden the most. Indeed, companies are expected to pass 60% of their tariff costs onto consumers.

The current effective tariff rate is the highest since 1910, and that number may increase as tariff policies continue to change. A rising tariff rate will be disastrous for businesses across the country, but especially in Michigan.

Economic uncertainty resulting from tariffs, both enacted and threatened, will continue dragging down Michigan's economy, increasing both prices and uncertainty for people and business. State departments collect important data that lays out the impacts of these tariffs on Michigan's economy.

Section 1 of article 5 of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the governor.

Section 8 of article 5 of the Michigan Constitution of 1963 places each principal department under the supervision of the governor.

Acting under the Michigan Constitution of 1963 and Michigan law, I direct the following:

1. Within 30 days of this directive, each of the following departments should submit to me a report outlining the impact that new tariffs have had—and will have—on Michigan's economy in areas where the department has jurisdiction. If a department requires more than 30 days to provide its report, it should request an extension of no more than 60 days.
 - a. Department of Agriculture and Rural Development
 - b. Department of Environment, Great Lakes, and Energy
 - c. Department of Natural Resources
 - d. Department of Technology, Management, and Budget
 - e. Department of Transportation
 - f. Michigan State Housing Development Authority
2. Other departments, agencies, and offices are encouraged to review data in their possession that might shed light on the impact of new tariffs on Michigan's economy and, if so, submit to me a report explaining that impact.

This directive is effective immediately.

Thank you for your cooperation in its implementation.



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