

STATE TRUNK LINE HIGHWAY SYSTEM (EXCERPT)
Act 51 of 1951

247.663c Neighborhood roads fund; administration; distribution.

Sec. 13c.

- (1) The neighborhood roads fund is created in the state treasury as a separate fund.
- (2) The state treasurer must deposit money and other assets received from any source in the fund. The state treasurer must direct the investment of money in the fund and credit interest and earnings from the investments to the fund.
- (3) Money in the fund at the close of the fiscal year does not lapse to the general fund.
- (4) The department is the administrator of the fund for audits of the fund.
- (5) Beginning with the state fiscal year ending September 30, 2026 through the state fiscal year ending September 30, 2030, the money received in the fund each state fiscal year must be distributed as follows:
 - (a) \$100,000,000.00 of the money received in the fund each state fiscal year must be deposited and maintained in an account separate from all other money received in the fund. The local bridge advisory board created in section 10(4) must expend money from the account described in this subsection only for the repair of closed, restricted, and critical bridges as determined by the local bridge advisory board as provided in section 10(4) to (13).
 - (b) After the distributions in subdivision (a), \$40,000,000.00 shall be appropriated to the local grade separation fund for use under section 11i.
 - (c) After the distributions in subdivisions (a) and (b), \$100,000,000.00 shall be appropriated as follows:
 - (i) 35% to the comprehensive transportation fund for use under section 10b for eligible authorities and eligible governmental agencies that provide public transportation services with 5% reserved for agencies in urbanized areas with a Michigan population less than or equal to 100,000 and nonurbanized areas under 49 USC 5311.
 - (ii) 65% to the infrastructure projects authority fund created in subsection (8).
 - (d) After the distributions in subdivisions (a) to (c), 80% of the remainder of the money received in the fund shall be appropriated as follows:
 - (i) 65% to county road commissions, to be allocated in accordance with the provisions governing the distribution and use of Michigan transportation fund revenue returned to counties under section 12.
 - (ii) 35% to city and village road agencies, to be allocated in accordance with the provisions governing the distribution and use of Michigan transportation fund revenue returned to cities and villages under section 13.
 - (e) After the distributions in subdivisions (a) to (c), 20% of the remainder of the money received in the fund shall be appropriated to the state trunk line fund for use under section 11.
- (6) Beginning with the state fiscal year ending September 30, 2031, the money received in the fund each state fiscal year must be distributed as follows:
 - (a) \$10,000,000.00 shall be appropriated to the local grade separation fund for use under section 11i.
 - (b) After the distributions in subdivision (a), \$70,000,000.00 shall be appropriated as follows:
 - (i) 75% to the comprehensive transportation fund for use under section 10b for eligible authorities and eligible governmental agencies that provide public transportation services with 5% reserved for agencies in urbanized areas with a Michigan population less than or equal to 100,000 and nonurbanized areas under 49 USC 5311.
 - (ii) 25% to the infrastructure projects authority fund created in subsection (8).
 - (c) After the distributions in subdivisions (a) and (b), \$100,000,000.00 shall be appropriated as follows:
 - (i) 6.5% to county road commissions, to be allocated in accordance with the provisions governing the distribution and use of Michigan transportation fund revenue returned to counties under section 12.
 - (ii) 3.5% to city and village road agencies, to be allocated in accordance with the provisions governing the distribution and use of Michigan transportation fund revenue returned to cities and villages under section 13.
 - (iii) The remainder shall be appropriated to the state trunk line fund.
 - (d) After the distributions in subdivisions (a) to (c), the remainder of the money received in the fund shall be appropriated as follows:
 - (i) 71.5% shall be appropriated as follows:
 - (A) 65% to county road commissions, to be allocated in accordance with the provisions governing the distribution and use of Michigan transportation fund revenue returned to counties under section 12.
 - (B) 35% to city and village road agencies, to be allocated in accordance with the provisions governing the distribution and use of Michigan transportation fund revenue returned to cities and villages under section 13.
 - (ii) The remainder shall be appropriated to the state trunk line fund.
 - (7) Matching funds are not required from a local unit of government or county road commission as a condition for expending money distributed under subsection (5) or (6). However, any governmental entity expending money distributed under subsection (5) or (6) may request matching funds from other sources.
 - (8) The infrastructure projects authority fund is created in the state treasury as a separate fund. The department

is the administrator of the infrastructure projects authority fund for audits of that fund. All of the following apply to the infrastructure projects authority fund:

(a) Money appropriated to the infrastructure projects authority fund and the interest accruing to that fund must be expended by the department only in accordance with subsections (9) and (10).

(b) Money remaining in the infrastructure projects authority fund does not lapse to the general fund at the end of the fiscal year.

(c) By December 30, 2026, and each calendar year thereafter that the infrastructure projects authority fund receives appropriations, the department shall report to the governor, the state transportation commission, and the legislature on the status of projects funded by the infrastructure projects authority fund. The report must include the status of all of the following activities for the previous state fiscal year:

(i) The location of funded projects.

(ii) A listing of total money distributed to each region.

(iii) Individual project funding amounts.

(iv) Projected individual project benefits.

(v) Project selection criteria.

(vi) A listing of individual project support.

(vii) A running total fund balance.

(viii) Any other pertinent fund status details.

(9) Of the money deposited into the infrastructure projects authority fund each year, the department may expend up to 20% of the money for payment of supplemental operating grants to eligible authorities and eligible governmental entities, subject to all of the following:

(a) Except as provided in this subsection, the department must allocate supplemental operating grants in a manner that conforms to, supplements, and is proportional to the formula for the payment of operating grants to eligible authorities and eligible governmental entities under section 10e(4)(a).

(b) The department shall not expend any money under this subsection in a state fiscal year in which the amount appropriated from the comprehensive transportation fund for the payment of operating grants to eligible authorities and eligible governmental entities under section 10e(4)(a) is less than the amount expended under that subdivision in the state fiscal year ending September 30, 2026, adjusted by the department each year by an amount equal to the annual percentage increase in the Detroit Consumer Price Index for the preceding calendar year.

(c) The department must not award a supplemental operating grant to any eligible authority or eligible governmental entity until the department has received and reviewed financial documents that demonstrate that the eligible authority or government entity maintains and is in compliance with a balanced budget plan for the current fiscal year.

(d) Money granted to an eligible authority or eligible governmental entity under this subsection is supplemental and in addition to any money that the eligible authority or eligible governmental entity may receive under section 10b.

(10) After making allocations required under subsection (9) in a state fiscal year, the department may make qualified investments in infrastructure mobility projects consistent with section 10b to eligible authorities and eligible governmental entities from the infrastructure projects authority fund. The department must consider the following criteria to the extent reasonably applicable before entering into a written agreement with an eligible authority or eligible governmental entity for the qualified investment:

(a) Whether the qualified investment is for the development, expansion, or enhancement of a high-capacity mobility transportation project.

(b) Whether the qualified investment is for the development, expansion, or enhancement of regional or multijurisdictional high-capacity mobility transportation that connects major population, employment, educational, health care, or other activity centers.

(c) Whether the qualified investment is for the development, expansion, or enhancement of innovative and flexible mobility transportation intended to meet mobility needs in lower density areas, for first- and last-mile transportation solutions, or for other specialized public transportation purposes, including, but not limited to, access to health care.

(d) The extent of support for the qualified investment within the region impacted by the qualified investment, including, but not limited to, support from local government, an eligible authority or eligible governmental entity, and regional anchor institutions such as major regional employers, local and regional economic development organizations, and educational institutions.

(e) The degree of financial participation from regional entities impacted by or supporting the qualified investment, including, but not limited to, local units of governments, public transportation providers, and other regional entities, considering the financial capacity of the regional entities.

(f) The readiness, financial feasibility, and financial sustainability of the qualified investment, with the qualified investment facilitating a complete capital and operating financial model for the project supported by the qualified investment, with the highest priority for financial assistance provided when the qualified investment is necessary to meet a capital or operating matching requirement for federal funding.

(g) Whether the proposed qualified investment will provide locally or regionally significant benefits for the movement of people or goods, provide regional economic growth, and increase the attractiveness of the region for population growth, job growth, or tourism, with priority given to a qualified investment that includes a transit, multimodal, or nonmotorized component.

(11) Grants and qualified investments from the infrastructure projects authority fund may be used to match federal aid, grants, or other assistance.

(12) As used in this section:

(a) "Fund" means the neighborhood roads fund unless otherwise specified.

(b) "Multimodal" means the movement of persons by multiple forms of transportation.

(c) "Qualified investment" means a grant, loan, or other economic assistance provided by the department to an eligible authority or eligible governmental entity under this section for a project eligible for assistance under 49 USC 101 to 80504 or 23 USC 101 to 611.

History: Add. 2025, Act 16, Imd. Eff. Oct. 7, 2025

Popular Name: McNitt Act

Popular Name: Michigan Transportation Fund Act