What is the new state of Michigan distribution of Neighborhood Road Funds (NRF) for?

Michigan's new **Neighborhood Roads Fund (NRF)** distributes dedicated revenue streams to manage, repair, and improve local and regional transportation projects, with a strong focus on county, city, and village roads.

Key Purposes and Funding Sources

- **Local Road Repairs:** Directs newly earmarked money from the state's Corporate Income Tax (CIT) and Wholesale Marijuana Tax to fix neglected local residential and neighborhood streets.
- **Transit and Infrastructure Support:** Allocates portions of the fund toward public transportation operating support and regional infrastructure projects.
- **No Local Match Requirement:** Bill language specifies that local municipalities do not have to provide matching funds to receive their local road distributions, though county agencies may request matches under specific circumstances.

What is the difference between Michigan Transportation Fund (MTF) and Neighborhood Road Fund (NRF)?

The core difference is that the Michigan Transportation Fund (MTF) is the state's traditional, foundational pot of money for all types of roads, while the Neighborhood Roads Fund (NRF) is a newly created, parallel fund designed to inject extra cash into local residential streets.

They are funded by entirely different tax streams and have different spending rules.

Summary Comparison

Feature	Michigan Transportation Fund (MTF)	Neighborhood Roads Fund (NRF)
Primary Revenue Sources	Motor fuel taxes (gas/diesel), vehicle registration fees, and weight taxes.	**Corporate Income Tax (CIT)** earmarks and a 24% **wholesale marijuana excise tax**.
Where the Money Goes	Split between the state (MDOT), county road commissions, and cities/villages for all state highways and primary routes.	Distributed strictly to **county road commissions** and **city/village road agencies** based on local mileage.
Matching Requirements	Often requires local municipalities or townships to provide matching funds for county road projects.	Explicitly **eliminates local matching requirements** for municipal road distributions.
Role in State System	The historic, main repository for state-collected transportation revenue governed by Act 51.	A newly established (established late 2025) supplement to specifically target neighborhood fixes.

How They Work Together

While they are separate funds, local agencies see them as a combined package. The state uses the existing **Act 51 formula proportions** to divide the NRF money, but the parallel structure lets local entities skip the bureaucratic matching hurdles tied to traditional MTF dollars when fixing neighborhood streets.

Should we expect to receive this fund monthly, similar to what we do with MTF?

No, you should not necessarily expect the Neighborhood Roads Fund (NRF) on a rigid monthly basis.

Unlike your traditional **Michigan Transportation Fund (MTF)** distributions—which are consistently deposited every month—the Michigan Department of Transportation (MDOT) distributes NRF cash under a different system.

Here is exactly how the NRF payment frequency works:

- **Available-Basis Payments:** The state distributes NRF money **as soon as statutory "carveouts off the top" are met and funds become available** in the account. MDOT issues separate monthly reports when funds are ready.
- **Fluctuating Revenue Streams:** Because the NRF relies on **Corporate Income Tax (CIT)** brackets and the new **Wholesale Marijuana Tax**, the money flows into state coffers unevenly throughout the year. For example, corporate tax filings and quarterly cannabis collections cause revenue to spike in certain months and drop in others.
- **Separate Accounting:** MDOT specifically tracks and sends NRF money **independently from your monthly MTF check** so local agencies can clearly differentiate between the two.