

**THE DRAIN CODE OF 1956 (EXCERPT)**  
**Act 40 of 1956**

**280.497 Use or transfer of surplus construction funds; contract with public corporation; provisions of contract; return of surplus construction funds to state transportation department; application of MCL 280.499; definition.**

Sec. 497. (1) The drainage board shall use any surplus construction funds remaining in the construction fund after completion of the project for the inspection, repair, and maintenance of the drain as provided in section 196 or shall authorize the transfer of the funds to the bond and interest account, if bonds were issued, in the amounts the drainage board considers proper.

(2) The drainage board shall contract with any public corporation if that public corporation has been assessed for all or part of the cost of the drain or if land in any city, village, township, or combination thereof has been assessed for all or any part of the cost of a drain. The contract shall provide that after all outstanding drain orders or bonds are paid on a drainage district project, the drainage board shall authorize the county treasurers to pay over any portion of the surplus not needed for more than the cost of inspection, repair, and maintenance of the drain as provided in section 196 to the county, township, city, or village in which the drain is located or in which assessments for benefits have been assessed and collected. The payments shall be on a pro rata basis in direct proportion to the amounts assessed and collected from each county, township, city, or village. The contract shall also provide that upon receipt of the surplus funds the county, city, village, or township shall utilize the surplus funds to alleviate drainage problems in their respective jurisdictions.

(3) If state highway funds are involved in a project, the drain commissioner or drainage board, upon completion of a construction project and after all outstanding drain orders or bonds are paid on the project, shall return, on a pro rata basis, surplus construction funds in excess of the amount necessary to pay for inspection, repair, and maintenance of the drain as provided in section 196 to the state transportation department for the construction, maintenance, and administration of state highways.

(4) A drainage board may apply section 499 to surplus construction funds in place of this section.

(5) As used in this section and section 499, "public corporation" includes a city, village, township, or county, or the state.

**History:** Add. 1970, Act 144, Imd. Eff. Aug. 1, 1970;—Am. 1984, Act 165, Imd. Eff. June 28, 1984;—Am. 1989, Act 149, Imd. Eff. July 14, 1989.

**Popular name:** Act 40