

**SUBSTITUTE FOR  
HOUSE BILL NO. 5769**

A bill to create a transformational projects authority; to prescribe the powers, duties, and jurisdictions of the transformational projects authority; to provide for the awarding of certain transportation-related grants; to prescribe the powers and duties of certain state governmental officers and entities; and to provide for the promulgation of rules.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1. This act may be cited as the "transformational  
2 projects authority act".

3           Sec. 3. As used in this act:

4           (a) "Authority" means the transformational projects authority  
5 created under section 5.

6           (b) "Board" means the board of directors of the authority.



1 (c) "Department" means the state transportation department.

2 (d) "Department region" means 1 of the 7 regional service  
3 areas established by the department for administrative and planning  
4 purposes.

5 (e) "Director" means the director of the department.

6 (f) "Fund" means the Michigan mobility trust fund created in  
7 section 4a of the Michigan trust fund act, 2000 PA 489, MCL  
8 12.254a.

9 (g) "Public transportation" means that term as defined in  
10 section 2 of the regional transit authority act, 2012 PA 387, MCL  
11 124.542.

12 (h) "Public transportation provider" means that term as  
13 defined in section 2 of the regional transit authority act, 2012 PA  
14 387, MCL 124.542. Public transportation provider includes a  
15 regional transit authority created under the regional transit  
16 authority act, 2012 PA 387, MCL 124.541 to 124.558.

17 (i) "Qualified recipient" means a public transportation  
18 provider or a political subdivision of this state.

19 (j) "Qualified investment" means a grant, loan, or other  
20 economic assistance provided by the authority to a qualified  
21 recipient under section 13 for a project eligible for assistance  
22 under 49 USC 101 to 80504 or 23 USC 101 to 611, including operating  
23 support for public transportation.

24 (k) "Rolling rapid transit system" means that term as defined  
25 in section 2 of the regional transit authority act, 2012 PA 387,  
26 MCL 124.542.

27 (l) "Transformational mobility project" means any of the  
28 following:

29 (i) For a qualified investment located within a department



1 region with a population of 1,000,000 or more, a qualified  
2 investment in public transportation that meets the criteria in  
3 section 13(2) (a) to (f).

4 (ii) For a qualified investment located within a department  
5 region with a population of 1,000,000 or more that includes a  
6 public transportation provider that has before the effective date  
7 of this act implemented a robust level of regional public  
8 transportation services that includes a rolling rapid transit  
9 system, a qualified investment that satisfies the criteria in  
10 section 13(2) (d) and would sustain the operation of the regional  
11 public transportation services or that meets the criteria in  
12 section 13(2) (d) to (g).

13 (iii) For a qualified investment located within a department  
14 region with a population of less than 1,000,000, a qualified  
15 investment that meets the criteria in section 13(2) (d) to (g).

16 Sec. 5. (1) The transformational projects authority is created  
17 within the department.

18 (2) The authority shall exercise its prescribed statutory  
19 powers, duties, and functions of rule-making, including the  
20 prescription of rules, rates, regulations, and standards and  
21 adjudication independently of the director. The authority shall  
22 perform the budgeting, procurement, and related management  
23 functions of the authority under the direction and supervision of  
24 the director.

25 (3) The authority is governed by a board of directors  
26 consisting of 5 members appointed by the governor by and with the  
27 advice and consent of the senate. Of the members appointed by the  
28 governor, 1 must be appointed from a list of 3 or more nominees  
29 submitted by the speaker of the house of representatives, 1 must be



1 appointed from a list of 3 or more nominees submitted by the  
2 minority leader of the house of representatives, 1 must be  
3 appointed from a list of 3 or more nominees submitted by the senate  
4 majority leader, and 1 must be appointed from a list of 3 or more  
5 nominees submitted by the senate minority leader. Each list  
6 described in this subsection must include not less than 1  
7 individual with expertise in public transportation. The members of  
8 the board must include not less than 2 members with expertise in  
9 public transportation. The governor shall not appoint an individual  
10 as a member of the board if the individual is an officer, employee,  
11 contractor, or agent of a public transportation provider.

12 (4) The governor shall appoint 1 of the first members to a 1-  
13 year term, 1 of the first members to a 2-year term, 1 of the first  
14 members to a 3-year term, and 2 of the first members to 4-year  
15 terms. After expiration of the terms of the first appointments, the  
16 governor shall appoint members of the board to 4-year terms.

17 (5) If a vacancy occurs on the board for a reason other than  
18 expiration of a term, the governor shall appoint an individual to  
19 fill the vacancy for the balance of the term in the same manner as  
20 the original appointment.

21 (6) The director shall call the first meeting of the board. At  
22 the first meeting, the board shall elect from among its members a  
23 chairperson and other officers as it considers necessary or  
24 appropriate. After the first meeting, the board shall meet not less  
25 than twice per year, or more frequently at the call of the  
26 chairperson. The board may adopt, amend, and repeal bylaws for the  
27 regulation of its affairs and the conduct of its business.

28 (7) A majority of the members of the board constitute a quorum  
29 for transacting business. Except as otherwise provided in this



1 subsection, a majority of the members present and serving are  
2 required for official action of the board. If 1 or more members of  
3 the board recuse themselves, 2/3 of the members present and serving  
4 are required for official action of the board.

5 (8) A member of the board is not entitled to compensation for  
6 service on the board, but may be reimbursed for actual and  
7 necessary expenses incurred in serving. A member of the board is  
8 subject to 1968 PA 317, MCL 15.321 to 15.330, and 1973 PA 196, MCL  
9 15.341 to 15.348.

10 (9) The director or the director's designee from within the  
11 department shall attend meetings of the board. The department shall  
12 assist the board in making decisions required under this act as  
13 requested by the board.

14 (10) The board shall conduct its business in compliance with  
15 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

16 (11) A writing that is prepared, owned, used, in the  
17 possession of, or retained by the authority or the board in  
18 performing an official function is subject to the freedom of  
19 information act, 1976 PA 442, MCL 15.231 to 15.246.

20 Sec. 7. (1) The authority may do all of the following:

21 (a) Adopt and use a corporate seal.

22 (b) Establish and maintain an office.

23 (c) Sue and be sued in the authority's own name and plead and  
24 be impleaded.

25 (d) Solicit, receive, and accept gifts, grants, labor, loans,  
26 contributions of money, property, or other things of value, and  
27 other aid or payment from any federal, state, local, or  
28 intergovernmental agency or from any other person or entity, public  
29 or private, on terms and conditions acceptable to the authority, or



1 participate in any other way in a federal, state, local, or  
2 intergovernmental program.

3 (e) Employ personnel and hire or retain contractors,  
4 subcontractors, advisors, consultants, and agents.

5 (f) Make and enter into contracts, agreements, or instruments  
6 necessary, incidental, or convenient to the performance of the  
7 authority's duties and execution of the authority's powers, duties,  
8 functions, and responsibilities under this act with any federal,  
9 state, local, or intergovernmental governmental agency or with any  
10 other person or entity, public or private, on terms and conditions  
11 acceptable to the authority, including, but not limited to,  
12 agreements relating to grants and qualified investments authorized  
13 under this act.

14 (g) Do all other things necessary or convenient to exercise  
15 the powers, duties, functions, and responsibilities of the  
16 authority under this act or other laws related to the purposes,  
17 powers, duties, functions, and responsibilities of the authority.

18 (2) The board may make inquiries, studies, and investigations,  
19 hold hearings, receive public comment, and consult with experts.

20 (3) The board may establish advisory workgroups that may  
21 include individuals who are not members of the board, including,  
22 but not limited to, experts in matters of interest to the  
23 authority, to assist the board in performing its duties. The board  
24 may adopt, reject, or modify a recommendation of an advisory  
25 workgroup.

26 (4) The board may promulgate rules to implement this act  
27 pursuant to the administrative procedures act of 1969, 1969 PA 306,  
28 MCL 24.201 to 24.328.

29 Sec. 9. The authority may expend money from the fund only for



1 1 or more of the following purposes:

2 (a) Supplemental operating grants under section 11.

3 (b) Qualified investments in transformational mobility  
4 projects under section 13.

5 (c) Administrative costs incurred by the authority under this  
6 act.

7 Sec. 11. (1) Subject to subsection (3), of the money deposited  
8 into the fund each year, the authority shall expend 20% of the  
9 money for payment of supplemental operating grants to eligible  
10 authorities and eligible governmental entities under this section.

11 (2) The authority shall allocate supplemental operating grants  
12 under this section in a manner that conforms to, supplements, and  
13 is proportional to the formula for the payment of operating grants  
14 to eligible authorities and eligible governmental entities under  
15 section 10e(4) (a) of 1951 PA 51, MCL 247.660e, except for both of  
16 the following:

17 (a) The supplemental operating grants allocated under this  
18 section must be calculated in a manner that considers a regional  
19 transit authority created under the regional transit authority act,  
20 2012 PA 387, MCL 124.541 to 124.558, as an eligible authority or  
21 eligible governmental entity permitted to receive grants under  
22 section 10e(4) (a) of 1951 PA 51, MCL 247.660e.

23 (b) Any restriction on an operating grant under section 7(6)  
24 of the regional transit authority act, 2012 PA 387, MCL 124.547,  
25 does not apply to the calculation or payment of supplemental  
26 operating grants under this section.

27 (3) The authority shall not expend any money under this  
28 section in a state fiscal year in which the amount appropriated  
29 from the comprehensive transportation fund for payment of operating



1 grants to eligible authorities and eligible governmental entities  
2 under section 10e(4) (a) of 1951 PA 51, MCL 247.660e, is less than  
3 the amount expended under that subdivision in the state fiscal year  
4 ending September 30, 2025.

5 (4) Money granted to a public transportation provider under  
6 this section is supplemental and in addition to any money that the  
7 public transportation provider may receive from the comprehensive  
8 transportation fund established under section 10b of 1951 PA 51,  
9 MCL 247.660b.

10 (5) As used in this section:

11 (a) "Eligible authority" means that term as defined in section  
12 10c of 1951 PA 51, MCL 247.660c. As used in subsection (1),  
13 eligible authority also includes a regional transit authority  
14 created under the regional transit authority act, 2012 PA 387, MCL  
15 124.541 to 124.558.

16 (b) "Eligible governmental agency" mean that term as defined  
17 in section 10c of 1951 PA 51, MCL 247.660c.

18 Sec. 13. (1) After making allocations required under section  
19 11 in a state fiscal year, if money remains in the fund, the  
20 authority may, subject to section 17, make qualified investments in  
21 transformational mobility projects for qualified recipients under  
22 this section.

23 (2) Subject to subsection (3), the authority shall consider  
24 the following criteria to the extent reasonably applicable as  
25 reasonably determined by the authority before entering into a  
26 written agreement with a qualified recipient for the qualified  
27 investment:

28 (a) Whether the qualified investment is for the development,  
29 expansion, or enhancement of high-capacity public transportation,





1 including, but not limited to, a rapid rolling transit system,  
2 commuter rail, or intercity rail transportation.

3 (b) Whether the qualified investment is for the development,  
4 expansion, or enhancement of regional or multijurisdictional public  
5 transportation that connects major population, employment,  
6 educational, health care, or other activity centers.

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

13 (d) The extent of support for the qualified investment within  
14 the region impacted by the qualified investment, including, but not  
15 limited to, support from local government, public transportation  
16 providers, and other regional anchor institutions such as major  
17 regional employers, local and regional economic development  
18 organizations, and educational institutions.

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

24 (f) The readiness, financial feasibility, and financial  
25 sustainability of the qualified investment, with the qualified  
26 investment facilitating a complete capital and operating financial  
27 model for the project supported by the qualified investment, with  
28 the highest priority for financial assistance provided when the  
29 qualified investment is necessary to meet a capital or operating



1 matching requirement for federal funding through 49 USC 5309.

2 (g) Whether the proposed qualified investment will provide  
3 locally or regionally significant benefits for the movement of  
4 people or goods, regional economic growth, and the attractiveness  
5 of the region for population growth, job growth, or tourism, with  
6 priority given to a qualified investment that connects to public  
7 transportation, is multimodal, or has a nonmotorized component.

8 (3) If a public transportation provider in a department region  
9 described in section 3 (l) (ii) applies for a qualified investment for  
10 operating assistance to sustain the operation of regional public  
11 transportation services existing on the effective date of this act,  
12 all of the following apply:

13 (a) The authority shall prioritize the application before  
14 other applications from that department region.

15 (b) If requested by the public transportation provider, the  
16 authority shall enter into an agreement with the public  
17 transportation provider that, subject to the availability of money  
18 in the fund, prioritizes the qualified investment described in this  
19 subsection for a specified number of years and provides a  
20 streamlined application process for the qualified investment.

21 (c) A qualified investment under this section must not exceed  
22 \$5,000,000.00 in any fiscal year.

23 (4) As used in this section, "multimodal" means the movement  
24 of persons by multiple forms of transportation.

25 Sec. 15. Grants and qualified investments approved by the  
26 authority under this act may be used to match federal aid, grants,  
27 or other assistance.

28 Sec. 17. For distributions from the fund under section 13  
29 during the period beginning on October 1, 2025 and ending on



1 September 30, 2034, the authority shall adopt a program  
2 administration goal of ensuring that each department region  
3 receives a share of the distributions equal to the product of the  
4 total distributions from the fund during that period and a fraction  
5 the numerator of which is the population of the department region  
6 and the denominator of which is the population of this state.

7 Enacting section 1. This act does not take effect unless all  
8 of the following bills of the 102nd Legislature are enacted into  
9 law:

- 10 (a) Senate Bill No. 559.
- 11 (b) Senate Bill No. 562.
- 12 (c) House Bill No. 5768.
- 13 (d) House Bill No. 5770.

