



Water & Sewerage  
Department

# **LEGISLATIVE UPDATE**

# **Water Affordability Legislation**

## **September 2024**

# *STATE LEGISLATION*

# COALITION OF STAKEHOLDERS

- ✓ Bill sponsors assembled an unprecedented group of stakeholders from:
  - MDHHS
  - Water providers; municipalities
  - Michigan Municipal League
  - Water Advocates
  - Environmentalists
  - Experts in water affordability
  - Community Action Agencies
- ✓ After numerous drafts and meetings – stakeholder group crafted the most realistic, attainable, first-in-the-nation state legislation addressing water affordability.

*All eyes on Michigan*

# Water Affordability Package Serves *Two Primary Purposes*

**1**

Protects public health because income-eligible customers will be able to pay an affordable bill and not be at risk of shut off; and

**2**

Reduces rate increases to cover bad debt and helps water systems better focus their revenues on critical operational and infrastructure needs.



# FOUR KEY BILLS



## **SB549/HB5088**

### **Establishes a Statewide Income Based Water Affordability Program**

- Two tiers, a capped payment:
  - › 0 - 135% of federal poverty level (FPL) – 2% of average household income in service area
  - › 136% - 200% of FPL – 3% of average household income in the service area
  - › Hardship waivers for households at 201% - 250% of FPL
- Arrearage forgiveness: \$1,500 year one; \$1,500 year two; hardship option to erase higher balances
- Plumbing repairs up to \$2,500 to conserve water and lower bills
- Discounted water cap on household usage to encourage reasonable usage
- Triage process if the person falls behind in payments (wraparound services)
- New or existing locally administered programs must meet state criteria

# FOUR KEY BILLS (Continued)

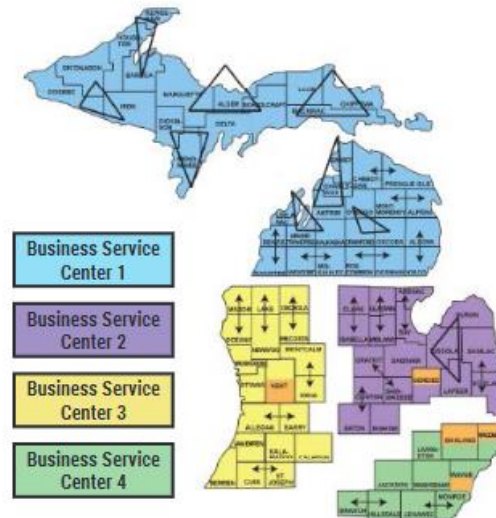


## SB 550/HB 5089


### Funding Mechanism to Pay for the Program


- \$2 per month per domestic use metered water account
- Approved pre-existing affordability plans have option to reduce monthly fee
- Money goes from providers to a central fund at State Treasury
- Funds are segregated to four Michigan Department & Health & Human Services (MDHHS) regions – what is collected in a region, is distributed to that region

Michigan Department of Health & Human Services Business Services Centers



# FOUR KEY BILLS (Continued)

- 
- SB 551/HB 5090**  
**Shut Off Protection**
- Sets forth requirements for number of and content of notices prior to service interruption for non-payment
  - New critical Care Customers category protects medically documented customers from shut off regardless of income

- 
- SB 980**  
**Establishes Low Income Water Residential Affordability Program Task Force**
- Reviews and makes recommendations regarding program rules, administration and funding.

# TOPICS OF INTEREST STATEWIDE

- **Seniors** – imposing \$2 fee is a hardship
- **Rural Customers** – whether there a need for water affordability
- **Infrastructure** – collection rate makes a difference
- **Pre-existing Programs** – how does legislation affect these programs
- **Public Health** – how does water affordability affect public health



# TIMELINE – MARCHING TOWARD PASSAGE

- **Bills are in committee** – move out of committee prior to November election
- **Vote on the floor** – prior to election is unlikely
- **Lame Duck** – push hard for passage prior to end of year – holidays; hunting season



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# *FEDERAL LEGISLATION*

# LIHWAP Review . . .

- ❖ June 2021 to September 2023, the Low-Income Household Water Assistance Program (LIHWAP) served **>1.6 million households**
- ❖ Arrears continue to be prevalent nationwide
- ❖ LIHWAP funding is no longer available

# FEDERAL WATER AFFORDABILITY LEGISLATION IS COMPLICATED

## Low Income Household Water Assistance - Avenue 1:

- President Biden proposed budget adds \$500M to Low Income Household Energy Assistance Program (LiHEAP) and states *may* use funding for water assistance
  - Dept. of Health and Human Services administers
  - Energy and water sectors do not want combined program/funding source
  - Additional \$500M is not enough
  - Optional use of funding for water is problematic
- Both sectors lobbying congress against this proposal

# FEDERAL WATER AFFORDABILITY LEGISLATION IS COMPLICATED (Continued)

## Low Income Household Water Assistance - AVENUE 2:

- U.S. Senator Padilla (D-Ca) introduced in 2024 *Low-Income Household Water Assistance Program (LIHWAP) Establishment Act*, legislation that would establish **a permanent, nationwide water assistance program** to help families afford their water bills.
  - **Environmental Protection Agency** would administer (not Dept. of Health and Human Services)
  - Utilities and advocates **differ** on who should administer – all agree it should be a separate program
  - Republican members lean toward DHHS administration
  - Bill will be on the floor **in September**



# FEDERAL WATER AFFORDABILITY LEGISLATION IS COMPLICATED (Continued)

## Low Income Household Water Assistance - AVENUE 3:

- U.S. Senator Padilla (D-Ca) introduced Senate Amendment 2551, to the National Defense Authorization Act (NDAA) for Fiscal Year (2025)
  - This amendment extends funding for the Low-Income Housing Water Assistance Program (LIHWAP)
  - Supported by U.S. Conference of Mayors

*Stay tuned . . .*

