

DRAFT 2

A bill to amend 1939 PA 280, entitled
"The social welfare act,"
(MCL 400.1 to 400.119b) by adding section 14t.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 14t. (1) The low-income water residential affordability**
2 **fund is created within the state treasury.**

3 **(2) The state treasurer may receive money or other assets from**
4 **any source for deposit into the fund. The state treasurer shall**
5 **direct the investment of the fund and credit to the fund interest**
6 **and earnings from fund investments.**

7 **(3) Money in the fund at the close of the fiscal year remains**



1 in the fund and does not lapse to the general fund.

2 (4) The department of treasury is responsible for collecting
3 and auditing related funds.

4 (5) The department is the administrator of the fund for
5 auditing purposes. The department shall expend money from the fund,
6 on appropriation, only for 1 or more of the following purposes:

7 (a) 5% of the fund to the department for administrative costs
8 of the affordability program. Beginning 3 years after the effective
9 date of the amendatory act that added this section and once every 3
10 years thereafter, the department shall evaluate the amount under
11 this subsection.

12 (b) \$425,000.00 to the department of treasury.

13 (c) The remaining balance of the fund to providers and program
14 administrators for the following:

15 (i) The actual administrative costs associated with the
16 implementation of the affordability program, not to exceed 15%.

17 (ii) Payment or advancement to providers and program
18 administrators for income-based bill discounts, income-based bill
19 caps, or income-based rates.

20 (iii) Arrearage payments.

21 (iv) Water loss mitigation programs administered by third party
22 organizations such as home plumbing audits and minor plumbing
23 repairs. The department shall expend not more than \$15,000,000.00
24 for water loss mitigation programs under this subparagraph.

25 (6) Notwithstanding section 30a of 1941 PA 122, MCL 205.30a,
26 payments made to a provider from the fund under subsection (5)(c)
27 are exempt from interception, execution, levy, attachment,
28 garnishment, or any other legal process to collect a debt. No
29 portion of any payment described under subsection (5)(c) must be



1 applied to offset any liability of the provider under section 30a
2 of 1941 PA 122, MCL 205.30a, or any other statute.

3 (7) The department shall disburse money from the fund to
4 providers and program administrators on a frequency of not less
5 than quarterly for the items listed in subsection (5) (c) .

6 (8) Subject to the limitations imposed in this section, the
7 low-income water residential affordability funding factor is any of
8 the following amounts:

9 (a) A fee of \$1.25 per month per retail water meter or the
10 equivalent based on the provider's billing cycle, which increases
11 by \$0.25 annually beginning January 1, 2026, until December 31,
12 2029. Beginning January 1, 2030, and by each January 1 thereafter,
13 the department of treasury shall adjust the funding factor by the
14 percentage increase in the United States Consumer Price Index for
15 the immediately preceding calendar year. If the remaining balance
16 reported by the department of treasury is greater than 10% of the
17 funds collected by the funding factor in the fiscal year for which
18 the remaining balance was reported, the department of treasury
19 shall set the funding factor at a rate at which the total funds
20 collected would not exceed the total amount of funds collected by
21 the low-income water affordability funding factor minus the
22 remaining balance.

23 (b) If on the effective date of the amendatory act that added
24 this section the provider operates an assistance or affordability
25 program, any of the following fees:

26 (i) A fee of \$1.25 per month for each retail water-metered or
27 flat rate account.

28 (ii) A fee of \$1.25 per month for each retail water-metered or
29 flat rate account less an amount that is equivalent to the average



1 monthly amount the customer paid the previous year for the
2 provider's assistance or affordability program.

3 (iii) A fee of \$1.25 per month for each retail water-metered
4 account or flat fee rate less 10% if the provider imposed a fee for
5 participation in an assistance or affordability program in the
6 previous year.

7 (9) The department of treasury may adjust the funding factor
8 within each of the department's business service center regions.
9 The task force or the department may recommend to the department of
10 treasury to reduce the funding factor under subsection (8)(b) if
11 projections show there is enough in the fund to sustain the
12 affordability program for 3 years with the reduced funding factor.

13 (10) The funding factor must not exceed \$3.00 or result in
14 total collections that are 10% greater than the total amount
15 collected in the previous year, whichever is less.

16 (11) Any adjustment to the funding factor must be determined
17 by the department of treasury no later than October 1 and takes
18 effect on January 1 of the succeeding year.

19 (12) The affordability funding factor must be considered as
20 part of the total bill for the purposes of considering water
21 affordability based on household income caps in the affordability
22 program or as otherwise outlined in sections 14n to 14s.

23 (13) Providers shall include the funding factor on all retail
24 water bills. Providers may list the funding factor as a separate
25 line item on residential customer bills or incorporate the funding
26 factor into retail water rates. Payment for services collected by
27 providers must first be applied to satisfy this subsection and must
28 be remitted to the state treasurer for deposit in the fund on a
29 regular cycle that matches the remitting providers' billing cycle

1 but not later than 30 days after the last day of the billing cycle.

2 (14) After the first full year of collection, not later than
3 April 1, the provider is required to annually provide to the
4 department the following information regarding the low-income water
5 residential affordability funding factor:

6 (a) The number of retail water-metered accounts for which a
7 bill was sent subject to the funding factor on June 30 and December
8 31 of the previous calendar year.

9 (b) The total amount of money collected by the provider from
10 the funding factor.

11 (c) The total amount of money not collected by the provider
12 from the funding factor.

13 (d) The total amount of money remitted by the provider to the
14 state treasurer from the funding factor.

15 (e) The total amount of administrative costs associated with
16 administering or implementing the affordability program.

17 (15) Money collected from the funding factor within each of
18 the department's business service center regions must be disbursed
19 to providers and program administrators within the same business
20 service center regions.

21 (16) Not later than July 1 each year, the task force shall
22 annually provide a report to the legislature and post that report
23 on the department's website. The report must include the following:

24 (a) The information collected under subsection (8).

25 (b) The total amount of money remitted to each provider.

26 (c) Any recommended adjustments to the affordability program
27 or fund.

28 (d) The total amount of administrative costs associated with
29 administering or implementing the affordability program.



1 (17) This section does not give the Michigan public service
2 commission the power to regulate a public water utility.

3 (18) The attorney general may enforce this section against a
4 provider that fails to include the funding factor on all retail
5 water bills or remit the money collected from the funding factor by
6 filing a civil action in the circuit court in the county where the
7 provider does business. Subject to this subsection, a provider is
8 not subject to liability for the funding factor included on retail
9 water bills but not collected through the provider's normal
10 business practices.

11 (19) The department of treasury shall create a mechanism
12 through which a retail water customer or philanthropic entity can
13 donate funds into the fund. Any entity that contributes more than
14 \$5,000.00 shall receive a "water affordability champion"
15 designation.

16 (20) This section does not preclude a provider from
17 establishing other funding mechanisms to supplement its approved
18 locally administered program.

19 Enacting section 1. This amendatory act does not take effect
20 unless all of the following bills of the 103rd Legislature are
21 enacted into law:

22 (a) Senate Bill No. ____ (request no. S00914'25) or House Bill
23 No. ____ (request no. H00914'25).

24 (b) Senate Bill No. ____ (request no. S00915'25) or House Bill
25 No. ____ (request no. H00915'25).

