

MICHIGAN'S PENDING WATER AFFORDABILITY LEGISLATION

The most comprehensive and administratively achievable statewide water affordability program in the nation that protects the health of low-income households

WIDE-RANGING COALITION

of 65+ stakeholders worked for more than a year on this legislation.

- Legislators
- Nurses
- Michigan DHHS
- Community water advocates
- Water utility associations
- Water utilities
- Environmental groups
- Social service agencies
- Community action agencies

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



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



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.

More on back

BUSINESS CASE FOR LEGISLATION — THE VALUE PROPOSITION:



Studies show there is need across the state for robust water affordability: urban, suburban and rural communities are struggling to pay their water bills.

- In 2020, more than 317,000 Michigan households were known to have past due water bills.
- The University of Michigan and Public Sector Consultants report that between 290,000 and 390,000 Michigan households would benefit from this statewide water affordability program.



The \$2 user-fee puts water systems on equal footing with Michigan Energy Assistance Program (MEAP) fee on heating and cooling utility bills, which has been around for decades.



All customers cover debt of those who cannot pay—one way or another.

- Water costs have increased 188% over the past four decades as water rates have doubled or even tripled in communities across Michigan.



Water providers are often forced to increase rates in order to cover unpaid water bills to continue providing treated drinking water, conveying sewage/stormwater, maintaining infrastructure such as planned pipe rehabilitation, and emergency repairs to all their customers.



Even municipalities that use tax roll incur debt.

**For more information
MIwaterplan.com**

