

DRAFT 3

A bill to amend 1939 PA 280, entitled
"The social welfare act,"
(MCL 400.1 to 400.119b) by adding sections 14n, 14o, 14p, 14q, 14r,
14s, and 14u.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 14n. As used in this section and sections 14o to 14u:**

2 **(a) "Affordability program" means the low-income water**
3 **residential affordability program created in section 14o.**

4 **(b) "Eligible customer" means a residential customer whose**
5 **household income does not exceed 200% of the federal poverty**
6 **guidelines, as published annually in the Federal Register by the**



1 United States Department of Health and Human Services under its
2 authority to revise the poverty line under 42 USC 9902, or who
3 meets any of the following requirements:

4 (i) Has received assistance from a state emergency relief
5 program within the past year.

6 (ii) Receives food assistance under the federal supplemental
7 nutrition assistance program administered by this state.

8 (iii) Receives medical assistance administered under this act.

9 (iv) Receives assistance under the Michigan energy assistance
10 program created in section 3 of the Michigan energy assistance act,
11 2012 PA 615, MCL 400.1233.

12 (v) Receives assistance under the special supplemental
13 nutrition program for women, infants, and children.

14 (vi) Receives supplemental security income.

15 (vii) Receives assistance under the weatherization assistance
16 program.

17 (c) "Fund" means the low-income water residential
18 affordability fund created in section 14t.

19 (d) "Funding factor" means the low-income water residential
20 affordability funding factor described in section 14t(8).

21 (e) "Nonaffordability application" means a form that triggers
22 an income eligibility review for the affordability program.

23 (f) "Program administrator" means the department, provider, or
24 third-party organization that administers an affordability program.

25 (g) "Provider" means a public or private community water
26 supply that provides retail water service in this state or performs
27 retail billing services for another community water supply.

28 (h) "Residential customer" means an individual who receives,
29 or is eligible to receive, water service at the individual's



1 primary residence.

2 (i) "Retail water customer" means a residential or
3 nonresidential customer receiving a water bill for water service.

4 (j) "Task force" means the low-income water residential
5 affordability program task force created in section 14q.

6 (k) "Water bill" means a request from a provider to a retail
7 water customer for payment for water service. Water bill includes a
8 request for payment of sewer, stormwater, or other related services
9 if the provider charges for those services.

10 Sec. 14o. (1) The low-income water residential affordability
11 program is created in the department to address reduction or
12 forgiveness of water bill arrearages, ensure that an eligible
13 customer's monthly water bill, including discounts provided by the
14 program or provider, is based on the eligible customer's household
15 income, and, subject to available funding in the fund, ensure that
16 the customer does not pay more than 3% of the eligible customer's
17 household income on the water bill. The department shall develop
18 and, in consultation with relevant third-party organizations,
19 administer the affordability program for eligible customers.

20 (2) Not later than January 1, 2026, the department shall
21 prepare a program policy and procedure manual that is consistent
22 with applicable provisions in the Michigan energy assistance
23 program manual, and includes time limits for participation for
24 potential eligible customers who are not seniors or persons with
25 disabilities. The department may review and update the program
26 policy and procedure manual as necessary.

27 (3) Beginning on January 1, 2026, and by each January 1
28 thereafter, the department and the department of treasury shall
29 prepare projections to determine the estimated funding required to



1 offer all enrolled and eligible customers and projected eligible
2 applicants who will enroll in the subsequent fiscal year, with
3 applicable program benefits. If the projections reflect that the
4 required funding from the fund will be insufficient, the
5 department, the department of treasury, and the task force shall
6 identify alternative funding sources or adjust program benefits in
7 a manner that prioritizes all enrolled and eligible customers
8 equitably, across geographic regions and provider population sizes,
9 to ensure that the affordability program can be sustained through
10 available funding. The department, in consultation with the
11 department of treasury and the task force, has final decision-
12 making authority to ensure program benefits do not exceed the
13 funding available in the fund. Based on available funding, the
14 department, the department of treasury, and the task force shall
15 prioritize program benefits designed to provide eligible customers
16 with household income-based water bills over other program
17 benefits. Reducing the affordability program benefits corresponding
18 with the tier with the lowest household income must only occur if
19 all other alternatives have been exhausted.

20 (4) Not later than 18 months after collection for the fund
21 begins, the department shall implement the affordability program.
22 When the affordability program is implement, this section applies
23 to providers with 500 or more retail water service connections. Not
24 later than 18 months after the affordability program is implemented
25 under this subsection, this section applies to all providers in
26 this state.

27 (5) Before the affordability program is implemented under
28 subsection (4), the department shall develop a nonaffordability
29 application and instructions. The nonaffordabililty application must

1 be made available when the affordability program is implemented
2 under subsection (4). The nonaffordability application must include
3 all the following:

4 (a) The option of authorization for release of the customer's
5 information to the provider.

6 (b) The option for indicating consent to receive telephonic
7 communications about the low-income water residential affordability
8 program.

9 (c) An authorization for release of the customer's information
10 to the provider.

11 (d) An authorization for the program administrator to call the
12 individual on the telephone or send a text message about the
13 affordability program.

14 (6) Not later than 30 days after the program administrator
15 receives a signed nonaffordability application, the program
16 administrator must complete an income eligibility review to
17 determine if the individual meets the eligibility requirements for
18 the affordability program. Not later than 3 business days after the
19 program administrator starts the eligibility review, the program
20 administrator shall notify the provider it started the eligibility
21 review. The provider shall not pursue shutoff during an eligibility
22 review. The program administrator shall promptly send notification
23 to the applicant and the provider regarding the results of the
24 eligibility review once the eligibility review is complete.

25 (7) In addition to any other verification of income accepted
26 by the program administrator, the program administrator may accept
27 a federal income tax return as documentation of income. If
28 applicable, the program administrator must use publicly available
29 information regarding standard benefit amounts for supplemental

1 security income and temporary assistance for needy families. An
2 applicant has no obligation to provide confirmation of the amount
3 of benefits the applicant receives from supplemental security
4 income. The program administrator shall consider the customer's
5 enrollment in the low-income home energy assistance program, the
6 supplemental nutrition assistance program, the special supplemental
7 nutrition program for women, infants, and children, supplemental
8 security insurance, the weatherization assistance program, or the
9 customer's self-verification of income or lack of income as proof
10 of the customer's eligibility in the form of a written customer
11 statement regarding their income or lack of income.

12 (8) The department may contract or collaborate with a third-
13 party organization that collects or processes household income
14 information in order to complete the eligibility review under
15 subsection (6) to determine if an applicant meets the requirements
16 for the affordability program, notify the applicant and provider,
17 or perform other functions necessary to implement the affordability
18 program.

19 (9) The department, in consultation with the task force, shall
20 create tiers of eligible customers for the program based on
21 household income level compared to the federal poverty guidelines,
22 as published annually in the Federal Register by the United States
23 Department of Health and Human Services under its authority to
24 revise the poverty line under 42 USC 9902, and the corresponding
25 discounts, credits, or percentage of household income caps on water
26 bills for each tier. A provider may use discounts, credits, or
27 other payment methods to result in water bills that meet the
28 percentage of household income-based payments as required under
29 this act. The tiers must include the following:



1 (a) A tier for households where the household income is at or
2 less than 135% of the federal poverty guidelines, and the
3 corresponding cap is 2% of household income or there is a
4 standardized household contribution of 2% of the average household
5 income for households with income between 0% and 135% of the
6 federal poverty guidelines within the provider's water service
7 area.

8 (b) A tier for households where the household income is
9 greater than 135% but at or less than 200% of the federal poverty
10 guidelines and the corresponding cap is 3% of household income or
11 there is a standardized household contribution of 3% of the average
12 household income for households with income between 135% and 200%
13 of the federal poverty guidelines within the provider's water
14 service area.

15 (10) Beginning October 1, 2026, and by each October 1
16 thereafter, the department shall adjust the standardized household
17 contribution based on the department of treasury's projections,
18 which must include a projection for not less than a 10% fund
19 balance to remain at the close of the fiscal year.

20 (11) If, on the program administrator's determination of an
21 individual's household income, the program administrator finds that
22 the individual is an eligible customer, the program administrator
23 shall provide that information, as well as the eligible customer's
24 household income, to that eligible customer's provider. On receipt
25 of the information from the program administrator under this
26 subsection, the eligible customer's provider shall provide a
27 discount, credit, or other payment method options on the eligible
28 customer's water bill to ensure that the water bill is based on the
29 eligible customer's household income. The provider shall not

1 provide a discount or credit if the eligible customer's pre-
2 discount or pre-credit bill amount would be lower than the bill
3 amount after application of the discount or credit. The discount or
4 credit must apply to the entire water bill, including, but not
5 limited to, any rider, fee, surcharge, or funding factor. The
6 discount or credit provided under this subsection must not be
7 applied to other charges for public services on the eligible
8 customer's water bill that are unrelated to water, sewer, or
9 stormwater services.

10 (12) The program administrator shall inform the applicant of
11 the determination of whether the applicant is an eligible customer.
12 If the applicant is an eligible customer, the program administrator
13 shall provide the applicant with information regarding the
14 affordability program and how the water bill payment will be
15 determined by the provider.

16 (13) Depending on the availability of funds, the program
17 administrator may issue a waiver to include a household that is
18 between 200% and 250% of the federal poverty guidelines, as
19 published annually in the Federal Register by the United States
20 Department of Health and Human Services under its authority to
21 revise the poverty line under 42 USC 9902, into the affordability
22 program if the household is experiencing any of the following
23 financial hardships:

- 24 (a) Job loss or reduction of income.
25 (b) Acute or chronic physical or mental illness.
26 (c) Increase in essential expenses.
27 (d) Major home repair due to natural disaster or unexpected
28 catastrophic event or repairs to essential equipment.
29 (e) Death of a household income provider or unexpected funeral



1 or burial expenses.

2 (14) The department shall develop a process and timeline for
3 redetermination of eligibility for the affordability program based
4 on the recommendations of the task force and shall consider the
5 redetermination timelines and processes for similar programs,
6 including, but not limited to, the supplemental nutrition
7 assistance program. There is no time limit on a customer's
8 enrollment in the affordability program.

9 (15) The department shall establish or refer applicants or
10 eligible customers, as applicable, to a system of appeal and
11 complaint process in which an applicant or eligible customer may
12 challenge a program administrator's decision on eligibility at any
13 point or submit a complaint regarding the affordability program.
14 When an applicant or eligible customer files an appeal, the program
15 administrator shall notify the provider to place a hold on the
16 individual's account and cease collection or service disconnection
17 until the hearing process is complete.

18 (16) The program administrator shall make a good-faith effort
19 to assess whether an eligible customer is the property owner and in
20 need of household plumbing repair to address a leak or other
21 plumbing or water service issue. If the eligible customer is the
22 property owner, the program administrator shall connect the
23 eligible customer with a master plumber or journey plumber, as
24 those terms are defined in article 11 of the skilled trades
25 regulations act, 2016 PA 407, MCL 339.6101 to 339.6133, to fix the
26 water service issue. The program administrator shall pay for the
27 necessary minor repair up to \$2,500.00 per household. The program
28 administrator shall establish a waiver process to issue over
29 \$2,500.00 for minor repairs if the property owner demonstrates an



1 extreme need.

2 (17) An eligible customer has a limited allocation of water
3 use per month to qualify for the tiers under subsection (9). If the
4 eligible customer exceeds the limited allocation under this
5 subsection, the provider shall charge the provider's normal rate.
6 The provider shall determine the limited allocation of water use
7 per month, but must be within the ranges as follows:

8 (a) Six to 8 centum cubic feet for households with zero to 4
9 people.

10 (b) Nine to 11 centum cubic feet for households with 5 to 6
11 people.

12 (c) Twelve to 14 centum cubic feet for households with 7 to 8
13 people.

14 (d) Fifteen to 17 centum cubic feet for households with 9 to
15 10 people.

16 (e) Eighteen to 20 centum cubic feet for households with 11 or
17 more people.

18 (18) A provider shall attempt to contact a customer that
19 exceeds the limited allocation of water use per month described
20 under subsection (17) to determine next steps the eligible customer
21 may take to reduce water consumption, including possible minor
22 plumbing repairs under to this section, and to coordinate with the
23 program administrator regarding continued eligibility in the
24 program.

25 Sec. 14p. (1) Each provider shall give notice to its customers
26 regarding the availability of either the department's affordability
27 program or, if available, the provider's own low-income water
28 affordability program, and information on how to apply for the
29 programs. The notice required under this subsection must be given



1 to each customer in writing on or with the customer's water bill
2 and by posting on the provider's website, if available.

3 (2) Beginning on the implementation date described in section
4 14o(4), the department shall engage in public relations activities
5 to promote affordability program across this state and must inform
6 all individuals receiving benefit program services from the
7 department regarding the availability of the affordability program
8 and the process to apply for that program.

9 Sec. 14q. (1) Not later than 30 days after the effective date
10 of the amendatory act that added this section, the department shall
11 create a low-income water residential affordability program task
12 force.

13 (2) The department director shall appoint members of the task
14 force that include, but are not limited to, representatives of a
15 provider with a population served of less than 3,300; a provider
16 with a population served of between 3,300 and 10,000; a provider
17 with a population served of over 10,000; water and sewerage
18 consumer advocacy groups; community action agencies; municipal
19 governments; small rural counties and suburban and urban areas; and
20 environmental groups.

21 (3) The task force shall do all of the following:

22 (a) Discuss, and advise the department on, best practices for
23 administering the affordability program.

24 (b) Not later than 9 months after the effective date of the
25 amendatory act that added this section, develop further guidance
26 for the affordability program. The department shall implement this
27 guidance not later than 18 months after the effective date of the
28 amendatory act that added this section.

29 (c) Work with the department to develop educational outreach



1 materials about the affordability program.

2 (d) Seek additional funding sources for the affordability
3 program.

4 (e) Explore ways to expand the affordability program to
5 include more types of providers.

6 (f) Review and make recommendations to the department
7 regarding any potential changes to the water usage limits described
8 in section 14o(17).

9 (g) Not later than 9 months after the effective date of the
10 amendatory act that added this section, develop and recommend to
11 the department criteria for reviewing and approving a low-income
12 water affordability program for a provider that creates and
13 implements its own program under section 14s.

14 (4) The department shall collaborate with the department of
15 treasury to distribute funding from the fund to the providers to
16 make up the difference between the total of customers' actual
17 water, sewerage, and stormwater bill and the total discounted water
18 and sewerage bills provided through the affordability program or a
19 provider's low-income water affordability program. The department
20 shall collaborate with the department of treasury to distribute
21 funds to assist with plumbing repairs and other repairs necessary
22 as described in section 14o(15). The department of treasury shall
23 set aside a specific funding amount for plumbing repairs.

24 (5) The department shall collaborate with the department of
25 treasury to distribute funds to third-party organizations that the
26 department collaborates with to administer the affordability
27 program to cover the administrative costs.

28 Sec. 14r. (1) Timely payment, as defined by the provider, of a
29 water bill satisfies the customer's current water liability so that



1 there is no addition to that customer's arrears.

2 (2) A customer who is enrolled in the affordability program
3 shall receive full forgiveness of an individual's arrears if, on
4 the date the individual is enrolled in an affordability program,
5 the individual's arrears are less than or equal to \$1,500.00. If,
6 on the date the individual enrolls in the affordability program,
7 that individual has arrears more than \$1,500.00, that individual
8 shall receive forgiveness of \$1,500.00 of the current arrears.
9 After 12 months of successful participation in the affordability
10 program, an individual with over \$1,500.00 in original arrearages
11 on enrollment shall have up to \$1,500.00 in additional arrearages
12 forgiven.

13 (3) A customer who is enrolled in the affordability program
14 for 24 months and who has made timely payments on the individual's
15 water bills for 24 months shall receive forgiveness of the
16 remainder of the individual's arrears if the arrears were greater
17 than \$1,500.00 when the individual enrolled in an affordability
18 program. The program administrator shall request to the department
19 that an amount exceeding \$1,500.00 be forgiven if the individual
20 has an extreme need. If the program administrator determines that
21 the individual has had extreme need or circumstances in the
22 individual's life that led the individual to not pay every payment
23 for 24 months, the program administrator may make a determination,
24 based on best judgment, that the individual should still receive
25 forgiveness for arrearages.

26 (4) On enrollment, and while an eligible customer remains
27 eligible and enrolled in the affordability program, a provider
28 shall not certify to the property tax authority any amount of
29 arrears subject to arrearage forgiveness as provided in this



1 section.

2 Sec. 14s. (1) A provider may, or 2 or more providers may,
3 collaborate to design and implement a low-income water
4 affordability program rather than use the department's
5 affordability program, the low-income water affordability program
6 meets the following criteria:

7 (a) The low-income water affordability program is designed so
8 that an eligible customer enrolled in the program will not pay more
9 than the tiers provided for in section 14o(9). The low-income water
10 affordability program must also be consistent with the enrollment
11 process described in section 14o and the arrearage forgiveness
12 described in section 14r.

13 (b) The provider considers the customer to be an eligible
14 customer or a more generous threshold.

15 (c) Other criteria as determined by the department.

16 (2) A provider may partner with a community action agency,
17 United Way organization, or other community organization to
18 implement a low-income water affordability program.

19 (3) If a provider designs and implements a low-income water
20 affordability program and the provider already has a similar
21 affordability or assistance program, the provider does not need to
22 require a customer who is already enrolled in the existing program
23 to reapply for a new low-income water affordability program.

24 (4) A provider that implements a low-income water
25 affordability program shall submit a plan to the department for
26 review and approval and receive an approval letter from the
27 department. The plan must include a description that meets the
28 minimum criteria provided under subsection (1). The department
29 shall review plans and provide the provider with any recommended or



1 required changes. The provider must provide updates to the
2 department about any substantive change to the low-income water
3 affordability program after receiving approval under this
4 subsection.

5 (5) If a provider develops a low-income water affordability
6 program that is more generous than the affordability program, the
7 provider must utilize its own funding or other source of funding
8 beyond the fund for the more generous program's increased budget.

9 (6) A provider that designs and implements a low-income water
10 affordability program may create more than 2 tiers in its tier
11 system.

12 (7) If a provider does not design and implement a low-income
13 water affordability program, the provider must use the
14 affordability program.

15 (8) A provider may elect not to collect the funding factor if
16 the provider's governing body adopts a policy to create and
17 implement its own a low-income water affordability program and
18 affordability fund. Two or more providers may create a combined
19 low-income water affordability program administered by 1 or more of
20 the participating providers. The low-income water affordability
21 program created under this subsection must include a description of
22 the criteria described under subsection (1) and describe the
23 providers' ability to maintain a fund to sustain the providers'
24 low-income water affordability program. The providers shall submit
25 a plan for implementing the low-income water affordability program
26 to the department for annual review and approval and receive an
27 approval letter. The department must review the plan and provide
28 the providers with any recommended or required changes. The
29 providers' annual updates to the department must identify whether

1 there have been changes to the low-income water affordability
 2 program plan or fund. If the department determines the providers
 3 are unable to administer or fund a low-income water affordability
 4 program created under this subsection for 2 consecutive years, the
 5 department shall notify the providers that they must enroll
 6 eligible customers in the affordability program and impose a
 7 funding factor.

8 (9) If a provider is subject to a local ordinance that
 9 conflicts with this act, this act supersedes that local ordinance.

10 Sec. 14u. If an individual submits an application for the
 11 affordability program to the department, or contracted third-party
 12 organization for the department, and the individual is a customer
 13 of a provider that has its own low-income water affordability
 14 program, the department or third-party organization must forward
 15 the application directly to that customer's provider's plan
 16 administrator.

17 Enacting section 1. This amendatory act takes effect 180 days
 18 after the date it is enacted into law.

19 Enacting section 2. 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. S00890'25) or House Bill
 23 No. ____ (request no. H00890'25).

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

