

**SUBSTITUTE FOR
SENATE BILL NO. 248**

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**
8 **in the fund and does not lapse to the general fund.**

9 **(4) The department of treasury is responsible for collecting**



1 and auditing related funds.

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

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

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

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

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

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

18 (iii) Arrearage payments.

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

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



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

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

7 (a) A fee of \$1.25 per month per retail water meter or the
8 equivalent based on the provider's billing cycle, which increases
9 by \$0.25 annually beginning March 1, 2026, until February 28, 2030.
10 Beginning March 1, 2030, and by each March 1 thereafter, the
11 department of treasury shall adjust the funding factor by the
12 percentage increase in the United States Consumer Price Index for
13 the immediately preceding calendar year. If the remaining balance
14 reported by the department of treasury is greater than 10% of the
15 funds collected by the funding factor in the fiscal year for which
16 the remaining balance was reported, the department of treasury
17 shall set the funding factor at a rate at which the total funds
18 collected would not exceed the total amount of funds collected by
19 the low-income water affordability funding factor minus the
20 remaining balance.

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

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

26 (ii) A fee of \$1.25 per month for each retail water-metered or
27 flat rate account less an amount that is equivalent to the average
28 monthly amount the customer paid the previous year for the
29 provider's assistance or affordability program.



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

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

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

14 (11) Any adjustment to the funding factor must be determined
15 by the department of treasury not later than October 1 and takes
16 effect on January 1 of the succeeding year.

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

21 (13) Providers shall include the funding factor on all retail
22 water bills. Providers may list the funding factor as a separate
23 line item on residential customer bills or incorporate the funding
24 factor into retail water rates. Payment for services collected by
25 providers must first be applied to satisfy this subsection and must
26 be remitted to the state treasurer for deposit into the fund on a
27 regular cycle that matches the remitting providers' billing cycle
28 but not later than 30 days after the last day of the billing cycle.

29 (14) After the first full year of collection, and not later



1 than April 1, the provider is required to annually provide to the
2 department the following information regarding the low-income water
3 residential affordability funding factor:

4 (a) The number of retail water-metered accounts within each of
5 the department's business service center regions and for which a
6 bill was sent subject to the funding factor on June 30 and December
7 31 of the previous calendar year.

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

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

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

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

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

20 (16) If a municipality's primary wholesale provider is located
21 in another business service center region, the municipality is
22 considered part of the same business service center region as that
23 wholesale provider, unless the municipality, the department, and
24 the municipality's primary wholesale provider sign a memorandum of
25 agreement that states that the municipality is considered to be
26 located within the business service center region in which the
27 municipality is geographically located. As used in this subsection,
28 "wholesale provider" means a provider that supplies water service
29 or the services of wastewater collection, wastewater treatment,



1 stormwater collection, or stormwater treatment to a retail provider
2 for resale.

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

6 (a) The information collected under subsection (14).

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

8 (c) Any recommended adjustments to the affordability program
9 or fund.

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

12 (18) This section does not give the Michigan public service
13 commission the power to regulate a public water utility.

14 (19) The attorney general may enforce this section against a
15 provider that fails to include the funding factor on all retail
16 water bills or remit the money collected from the funding factor by
17 filing a civil action in the circuit court in the county where the
18 provider does business. Subject to this subsection, a provider is
19 not subject to liability for the funding factor included on retail
20 water bills but not collected through the provider's normal
21 business practices.

22 (20) The department of treasury shall create a mechanism
23 through which a retail water customer or philanthropic entity can
24 donate funds into the fund. Any entity that contributes more than
25 \$5,000.00 shall receive a "water affordability champion"
26 designation.

27 (21) This section does not preclude a provider from
28 establishing other funding mechanisms to supplement its approved
29 locally administered program.



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

4 (a) Senate Bill No. 249.

5 (b) Senate Bill No. 250.

6 (c) Senate Bill No. 251.

7 (d) Senate Bill No. 252.