

**SUBSTITUTE FOR
SENATE BILL NO. 250**

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

**(b) "Eligible customer" means a residential customer whose
household income does not exceed 200% of the federal poverty
guidelines, as published annually in the Federal Register by the
United States Department of Health and Human Services under its
authority to revise the poverty line under 42 USC 9902, who has**



1 been issued a waiver under section 14o(13), or who meets any of the
2 following requirements:

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

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

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

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

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

13 (vi) Receives supplemental security income.

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

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

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

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

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

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

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



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

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

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

9 Sec. 14o. (1) The low-income water residential affordability
10 program is created in the department to address reduction or
11 forgiveness of water bill arrearages, to ensure that an eligible
12 customer's monthly water bill, including discounts provided by the
13 program or provider, is based on the eligible customer's household
14 income, and, subject to available funding in the fund, to ensure
15 that the customer does not pay more than 3% of the eligible
16 customer's household income on the water bill. The department shall
17 develop and, in consultation with community action agencies or
18 relevant third-party organizations, administer the affordability
19 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 the department's water assistance program
24 manual, and includes time limits for participation for potential
25 eligible customers who are not seniors or persons with
26 disabilities. The department may review and update the program
27 policy and procedure manual as necessary.

28 (3) Beginning on January 1, 2026, and by each January 1
29 thereafter, the department and the department of treasury shall



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

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

28 (5) Before the affordability program is implemented under
29 subsection (4), the department shall develop a nonaffordability

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

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

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

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

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

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

27 (7) In addition to any other verification of income accepted
28 by the program administrator, the program administrator may accept
29 a federal income tax return or alternative documents as

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

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

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



1 other payment methods to result in water bills that meet the
2 percentage of household income-based payments as required under
3 this act. The tiers must include the following:

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

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

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

23 (11) If, on the program administrator's determination of an
24 individual's household income, the program administrator finds that
25 the individual is an eligible customer, the program administrator
26 shall provide that information, as well as the eligible customer's
27 household income, to that eligible customer's provider. On receipt
28 of the information from the program administrator under this
29 subsection, the eligible customer's provider shall provide a



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

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

19 (13) Depending on the availability of funds, the program
20 administrator may issue a waiver to include a household that is
21 between 200% and 250% of the federal poverty guidelines, as
22 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, into the affordability
25 program if the household is experiencing any of the following
26 financial hardships:

- 27 (a) Job loss or reduction of income.
28 (b) Acute or chronic physical or mental illness.
29 (c) Increase in essential expenses.



1 (d) Major home repair due to natural disaster or unexpected
2 catastrophic event or repairs to essential equipment.

3 (e) Death of a household income provider or unexpected funeral
4 or burial expenses.

5 (14) The department shall develop a process and timeline for
6 redetermination of eligibility for the affordability program based
7 on the recommendations of the task force and shall consider the
8 redetermination timelines and processes for similar programs,
9 including, but not limited to, the supplemental nutrition
10 assistance program.

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

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

1 shall establish a waiver process to issue over \$2,500.00 for minor
2 repairs if the property owner demonstrates an extreme need.

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

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

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

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

15 (d) Fifteen to 17 centum cubic feet for households with 9 to
16 10 people.

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

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

27 Sec. 14p. (1) Each provider shall give notice to its customers
28 regarding the availability of either the department's affordability
29 program or, if available, the provider's own low-income water



1 affordability program, and information on how to apply for the
2 programs. The notice required under this subsection must be given
3 to each customer in writing on or with the customer's water bill
4 and by posting on the provider's website, if available.

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

11 Sec. 14r. (1) Timely payment, as defined by the provider, of a
12 water bill satisfies the customer's current water liability so that
13 there is no addition to that customer's arrears.

14 (2) A customer who is enrolled in the affordability program
15 shall receive full forgiveness of an individual's arrears if, on
16 the date the individual is enrolled in the affordability program,
17 the individual's arrears are less than or equal to \$1,500.00. If,
18 on the date the individual enrolls in the affordability program,
19 that individual has arrears more than \$1,500.00, that individual
20 shall receive forgiveness of \$1,500.00 of the current arrears.
21 After 12 months of successful participation in the affordability
22 program, an individual with over \$1,500.00 in original arrearages
23 on enrollment shall have up to \$1,500.00 in additional arrearages
24 forgiven.

25 (3) A customer who is enrolled in the affordability program
26 for 24 months and who has made timely payments on the individual's
27 water bills for 24 months shall receive forgiveness of the
28 remainder of the individual's arrears if the arrears were greater
29 than \$1,500.00 when the individual enrolled in the affordability



1 program. The program administrator shall request to the department
2 that an amount exceeding \$1,500.00 be forgiven if the individual
3 has an extreme need. If the program administrator determines that
4 the individual has had extreme need or circumstances in the
5 individual's life that led the individual to not pay every payment
6 for 24 months, the program administrator may make a determination,
7 based on best judgment, that the individual should still receive
8 forgiveness for arrearages.

9 (4) On enrollment, and while an eligible customer remains
10 eligible and enrolled in the affordability program, a provider
11 shall not certify to the property tax authority any amount of
12 arrears subject to arrearage forgiveness as provided in this
13 section.

14 Sec. 14s. (1) A provider may, or 2 or more providers may,
15 collaborate to design and implement a low-income water
16 affordability program rather than use the department's
17 affordability program. A low-income water affordability program
18 designed and implemented under this subsection must meet the
19 following criteria:

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

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

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

29 (2) The department or a provider may partner with a community



1 action agency, United Way organization, or other community
2 organization to implement a low-income water affordability program.

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

8 (4) A provider that implements a low-income water
9 affordability program shall submit a plan to the department for
10 review and approval and receive an approval letter from the
11 department. The plan must include a description that meets the
12 minimum criteria provided under subsection (1). The department
13 shall review plans and provide the provider with any recommended or
14 required changes. The provider must provide updates to the
15 department about any substantive change to the low-income water
16 affordability program after receiving approval under this
17 subsection.

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

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

25 (7) If a provider does not design and implement a low-income
26 water affordability program, the provider must use the
27 affordability program.

28 (8) A provider may elect not to collect the funding factor if
29 1 of the following conditions apply:



1 (a) The provider's governing body adopts a policy to create
2 and implement its own low-income water affordability program and
3 affordability fund. Two or more providers may create a combined
4 low-income water affordability program administered by 1 or more of
5 the participating providers. The low-income water affordability
6 program created under this subsection must include a description of
7 the criteria described under subsection (1) and describe the
8 providers' ability to maintain a fund to sustain the providers'
9 low-income water affordability program. Not later than May 1 each
10 year, the providers shall submit an annual plan for implementing
11 the low-income water affordability program to the department for
12 annual review and approval and receive an approval letter. The
13 department must review the plan and provide the providers with any
14 recommended or required changes. The providers' annual updates to
15 the department must identify whether there have been changes to the
16 low-income water affordability program plan or fund. If the
17 department determines the providers are unable to administer or
18 fund a low-income water affordability program created under this
19 subsection for 2 consecutive years, the department shall notify the
20 providers that they must enroll eligible customers in the
21 affordability program and impose a funding factor.

22 (b) The provider serves a population of 6,000 or fewer retail
23 water customers, and the provider's governing board adopts a policy
24 that does not do any of the following:

25 (i) Shut off water to any retail water customer in the
26 provider's service area.

27 (ii) Certify the property tax authority any amount of arrears
28 for any retail water customer in the provider's service area.

29 (iii) Pursue debt collection of arrears.



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

3 Sec. 14u. If an individual submits an application for the
4 affordability program to the department, or contracted third-party
5 organization for the department, and the individual is a customer
6 of a provider that has its own low-income water affordability
7 program, the department or third-party organization must forward
8 the application directly to that customer's provider's plan
9 administrator.

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

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

15 (a) Senate Bill No. 248.

16 (b) Senate Bill No. 249.

17 (c) Senate Bill No. 251.

18 (d) Senate Bill No. 252.