

DRAFT 9
SUBSTITUTE FOR
SENATE BILL NO. 549

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 provider's customer whose**
5 **household income does not exceed 200% of the federal poverty**
6 **guidelines or who meets any of the following requirements:**

7 **(i) Has received assistance from a state emergency relief**
8 **program within the past year.**



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

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

4 (iv) Receives assistance under the Michigan energy assistance
5 program.

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

8 (vi) Receives supplemental security income.

9 (vii) Receives assistance under the weatherization assistance
10 program.

11 (c) "Fund" means the low-income water residential
12 affordability fund created in section 14t(1).

13 (d) "Low-income water residential affordability funding
14 factor" or "affordability funding factor" means a mandatory fee on
15 each retail water-metered or flat rate account that is not an
16 irrigation or fire-line account payable by every customer receiving
17 water or sewerage service from a provider.

18 (e) "Nonaffordability application" means a form that the
19 department must develop to trigger an income eligibility review for
20 the low-income water residential affordability program. The
21 nonaffordability application must include the option of
22 authorization for release of the customer's information to the
23 provider and the option for indicating consent to receive
24 telephonic communications about the low-income water residential
25 affordability program.

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

28 (g) "Provider" means a public or private community water
29 supply that provides retail water service in this state or performs



1 retail billing services for another community water supply.

2 (h) "Residential customer" means an individual who is either
3 receiving or is eligible to receive water service at that
4 individual's primary residence.

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

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

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

13 Sec. 14o. (1) The low-income water residential affordability
14 program is created within the department to address reduction or
15 retiring of water bill arrearages and to ensure that an eligible
16 customer's monthly water bill, including discounts provided by the
17 program or the provider, is based on the eligible customer's
18 household income and, subject to available funding in the fund,
19 that the customer does not pay more than 3% of the household income
20 on the water bill. The department shall develop and, with the
21 assistance of third party organizations, administer the
22 affordability program created under this section to customers of a
23 provider that chose to utilize the department's program. On an
24 annual basis beginning in 2026, the department and the department
25 of treasury shall prepare projections to determine the estimated
26 funding required to offer all enrolled and eligible customers and
27 projected eligible applicants who will enroll for the coming fiscal
28 year, applicable program benefits. If the projections reflect that
29 the required funding from the affordability program fund will be



1 insufficient, the department, the department of treasury, and the
2 task force shall identify alternative funding sources or adjust
3 program benefits in a manner that prioritizes all enrolled and
4 eligible customers equitably, across geographic regions and
5 provider population sizes, can be sustained through available
6 funding. The department, in consultation with the task force and
7 department of treasury, has final decision-making authority to
8 ensure program benefits do not exceed revenue collected. The
9 department, the department of treasury, and the task force shall,
10 based on available funding, prioritize program benefits designed to
11 provide eligible applicants with household income-based water bills
12 over other program benefits. Reducing the program benefits
13 corresponding with the tier with the lowest household income must
14 only occur if all other alternatives have been exhausted.

15 (2) The affordability program must begin 18 months after
16 collection for the fund begins. When the affordability program
17 begins, this section applies to providers with 500 or more retail
18 water service connections. Eighteen months after the affordability
19 program is initiated, this section applies to all providers in this
20 state.

21 (3) Not later than 30 days after the department or program
22 administrator receives a signed nonaffordability application, the
23 program administrator must complete an income eligibility review to
24 determine if the individual meets the eligibility requirement for
25 the affordability program. The department or the program
26 administrator shall ensure that the application is as simple and
27 accessible as possible. The application must include an
28 authorization for release of the customer's information to the
29 provider and an authorization for the program administrator to call



1 the individual on the telephone or send a text message about the
2 affordability program. The department or program administrator
3 shall determine eligibility. Not later than 3 business days after
4 the department or program administrator has begun the eligibility
5 review, the department or program administrator shall notify the
6 provider it has begun the review and that the provider shall not
7 pursue shutoff during the review. The department or program
8 administrator shall send notification to the applicant and the
9 provider about the results of the eligibility review promptly once
10 that review is completed.

11 (4) In addition to any other verification of income accepted
12 by the program administrator, the program administrator may accept
13 a federal income tax return as documentation of income. When
14 applicable, the program administrator must use publicly available
15 information regarding standard benefit amounts for supplemental
16 security income and temporary assistance for needy families. An
17 applicant has no obligation to provide confirmation of the amount
18 of benefits the applicant receives from supplemental security
19 income. Among other documents as determined by the program
20 administrator, the program administrator shall consider the
21 customer's enrollment in the low-income home energy assistance
22 program, the supplemental nutrition assistance program, the special
23 supplemental nutrition program for women, infants, and children,
24 supplemental security insurance, the weatherization assistance
25 program, or the customer's self-verification of income or lack of
26 income as proof of the customer's eligibility in the form of a
27 written customer statement regarding their income or lack of
28 income.

29 (5) The department may contract or collaborate with a third



1 party organization that collects or processes household income
2 information in order to complete the income eligibility review to
3 determine if an individual meets the requirements for the
4 affordability program, notify the applicant and provider, or
5 perform other functions necessary for implementing the
6 affordability program.

7 (6) The department shall create tiers of eligible customers
8 for the program based on household income level compared to the
9 federal poverty guidelines and the corresponding discounts,
10 credits, or percentage of household income caps on water bills for
11 each tier, in consultation with the task force. A provider may use
12 discounts, credits, or other methods to result in water bills that
13 meet the percentage of household income-based payments as required
14 under this act. The tiers must include a tier for households where
15 the household income is at or less than 135% of the federal poverty
16 guidelines and the corresponding cap is 2% of household income or
17 there is a standardized household contribution of 2% of the average
18 household income for households with income between 0% and 135% of
19 the federal poverty guidelines within the provider's water service
20 area and a tier for households where the household income is
21 greater than 135% but at or less than 200% of the federal poverty
22 guidelines and the corresponding cap is 3% of household income or
23 there is a standardized household contribution of 3% of the average
24 household income for households with income between 135% and 200%
25 of the federal poverty guidelines within the provider's water
26 service area. The department shall adjust the standardized
27 household contribution based on the department of treasury's
28 projections beginning in 2026 of available funding on an annual
29 basis that must include a projection for not less than a 10% fund



1 balance to remain at the close of the fiscal year.

2 (7) If, upon the program administrator's determination of the
3 individual's household income, the program administrator finds that
4 the individual is an eligible customer, the program administrator
5 shall provide that information, as well as the eligible customer's
6 household income, to that eligible customer's provider. Upon
7 receipt of the information from the program administrator under
8 this subsection, the eligible customer's provider shall provide a
9 discount, credit, or other method on the eligible customer's water
10 bill to result in a bill that is affordable based on the eligible
11 customer's household income as determined by the program
12 administrator. The provider shall not provide a discount or credit
13 if the eligible customer's prediscount precredit bill amount would
14 be lower than the bill amount after application of the discount or
15 credit. The discount or credit must apply to the entire water bill,
16 which includes, but is not limited to, any rider, fee, surcharge,
17 or as described in section 14t, funding factor.

18 (8) The program administrator shall inform the individual of
19 the determination of whether or not that individual is an eligible
20 customer. If the individual is an eligible customer, the program
21 administrator shall provide the individual with information
22 regarding the affordability program and the rate to be charged by
23 the provider.

24 (9) Depending on the availability of funds, the program
25 administrator may issue a waiver and include a household that is
26 between 200% and 250% of the federal poverty guidelines into the
27 affordability program if the household is experiencing any of the
28 following financial hardships:

29 (a) Job loss or reduction of income.



1 (b) Acute or chronic physical or mental illness.

2 (c) Increase in essential expenses.

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

5 (e) Death of a household income provider or unexpected funeral
6 or burial expenses.

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

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

21 (12) The program administrator shall make a good-faith effort
22 to assess whether an eligible customer is the property owner and in
23 need of household plumbing repair to address a leak or other
24 plumbing or water service issue. If the eligible customer is the
25 property owner, the department or contracted third-party
26 organization shall connect the eligible customer with licensed
27 master plumbers or licensed journey plumbers in this state to fix
28 the water service issue, and the department or contracted third-
29 party organization shall pay for the necessary minor repair up to



1 \$2,500.00 per household. The program administrator shall establish
2 a waiver process to issue over \$2,500.00 for plumbing repairs if
3 the property owner demonstrates an extreme need.

4 (13) An eligible customer in an affordability program has a
5 limited allocation of water use per month to qualify for the cap
6 under subsection (6). If the eligible customer exceeds the limited
7 allocation under this subsection, the provider shall charge the
8 provider's normal rate. The limited allocation of water use per
9 month will be determined by the provider and be within the ranges
10 as follows:

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

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

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

17 (d) Fifteen to 17 centum cubic feet for households with 9 to
18 10 people.

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

21 (14) A provider shall attempt to contact a customer that
22 exceeds the limited allocation of water use per month described
23 under subsection (13) to determine next steps the customer may take
24 to reduce water consumption, including possible minor plumbing
25 repairs under to this section, and to coordinate with the program
26 administrator regarding continued 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 the provider's own affordability program, if it has one,



1 and the process to apply for that program. The notice required
2 under this subsection must be given to each customer in writing on
3 or with the customer's water bill and by posting on the provider's
4 website if the provider maintains a website.

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

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

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

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

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

26 (b) By no later than 9 months after the effective date of the
27 amendatory act that added this section, develop further guidance
28 for the affordability program. The department shall implement this
29 plan no later than 18 months after the effective date of the



1 amendatory act that added this section.

2 (c) Work with the department to develop educational outreach
3 materials about the affordability program.

4 (d) Seek additional funding sources for the affordability
5 program.

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

8 (f) Review and make recommendations to the department
9 regarding any potential changes to the water usage limits described
10 in section 14o(13).

11 (4) The department shall collaborate with the department of
12 treasury to distribute funding from the fund to the providers to
13 make up the difference between the total of customers' actual
14 water, sewerage, and stormwater bill and the total discounted water
15 and sewerage bills provided through the department's or a
16 provider's affordability program. The department shall collaborate
17 with the department of treasury to distribute funds to assist with
18 plumbing repairs and other repairs necessary as described in
19 section 14o(11). The department of treasury shall set aside a
20 specific funding amount for plumbing repairs.

21 (5) The department shall collaborate with the department of
22 treasury to distribute funds to third party organizations that the
23 department collaborates with to administer the affordability
24 program to cover the administrative costs.

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

28 (2) A customer who is enrolled in the affordability program
29 shall receive full forgiveness of an individual's arrears if, on



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

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

22 (4) Upon enrollment, and while a customer remains eligible and
23 enrolled in the affordability program, a provider shall not certify
24 to property tax any amount of arrears subject to arrearage
25 forgiveness as provided in this section.

26 Sec. 14s. (1) A provider may, or 2 or more providers may,
27 collaborate to design and implement an affordability program rather
28 than use the department's affordability program, as long as the
29 affordability program meets the following criteria:



1 (a) The program is designed so that an eligible customer
2 enrolled in the program will not pay more than the tiers provided
3 for in section 14o(6). The program must also be consistent with the
4 enrollment process described in section 14o, as well as the
5 arrearage forgiveness described in section 14r.

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

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

9 (2) A provider may partner with a community action agency,
10 United Way organization, or other community organization to
11 implement its affordability program.

12 (3) If a provider designs and implements its own affordability
13 program and the provider already had a water affordability or
14 assistance program, the provider does not need to require a
15 customer who is already enrolled in the provider's water
16 affordability or assistance program to reapply for a program funded
17 by the water affordability funding factor.

18 (4) A provider that designs and implements its own
19 affordability program must submit its program plan to the
20 department for review and approval and receive an approval letter
21 from the department. The program plan must include a description
22 that meets the minimum criteria provided in section 14s(1). The
23 department must review program plans and provide the provider with
24 any recommended or required changes. The provider must provide
25 updates to the department about any substantive change to the
26 program planned after receiving initial approval.

27 (5) If a provider develops an affordability program that is
28 more generous than the department's affordability program, the
29 provider must utilize its own funding or other source of funding



1 beyond the fund for the more generous program's increased budget.

2 (6) A provider that designs and implements its own
3 affordability program may create more than 2 tiers in its tier
4 system.

5 (7) If a provider chooses not to design and implement its own
6 affordability program, it must use the department's affordability
7 program.

8 (8) 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 to the
11 department or contracted third party organization for the
12 department and the individual is a customer of a provider that has
13 its own affordability program, the department or third party
14 organization must forward the application directly to that
15 customer's provider's plan administrator.

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

18 Enacting section 2. This amendatory act does not take effect
19 unless all of the following bills of the 102nd Legislature are
20 enacted into law:

21 (a) Senate Bill No. 550.

22 (b) Senate Bill No. 551.

