

DRAFT 8
SUBSTITUTE FOR
SENATE BILL NO. 550

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. The state treasurer must credit**
6 **to the fund interest and earnings from fund investments.**

7 **(3) Money in the fund at the close of the fiscal year must**
8 **remain in the fund and 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 upon appropriation, only for 1 or more of the following purposes:

5 (a) 3% of the fund to the department for administrative costs
6 of the affordability program.

7 (b) The remaining balance of the fund to providers and program
8 administrators for the following:

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

11 (ii) Payment or advancement to providers and program
12 administrators for income-based bill discounts, income-based bill
13 caps, or income-based rates.

14 (iii) Arrearage payments.

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

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

26 (7) The department shall disburse funding from the fund to
27 providers and program administrators on a frequency of not less
28 than quarterly for the items listed in subsection (5) (b).

29 (8) Subject to the limitations imposed in this section, the



1 low-income water residential affordability funding factor is 1 of
2 the following amounts:

3 (a) Except as provided under subdivision (c), if a provider
4 has a monthly billing cycle, a fee of \$2.00 per month for each
5 retail water-metered or flat rate account that is not an irrigation
6 or fire-line account.

7 (b) Except as provided under subdivision (c), if a provider
8 does not have a monthly billing cycle, a fee that is equivalent to
9 the fee under subdivision (a) that is based on the provider's
10 billing cycle.

11 (c) If the provider had a water assistance program or the
12 affordability program on the effective date of this section, a fee
13 of \$2.00 per month for each retail water-metered or flat rate
14 account, or a fee that is equivalent and that is based on the
15 provider's billing cycle minus the average monthly, or equivalent,
16 amount the customer paid the previous year for the water assistance
17 program or affordability program in existence on the effective date
18 of this section.

19 (9) After 3 years, the department of treasury may adjust the
20 funding factor annually based on recommendations from the task
21 force. The treasury may adjust the funding factor within each of
22 the department's business service center regions. The task force or
23 the department may recommend to the department of treasury to
24 reduce the funding factor under subsection (8)(c) if projections
25 show there is enough in the fund to sustain the affordability
26 program for 3 years with the reduced funding factor.

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



1 (11) Any adjustment to the funding factor must be determined
2 by the department of treasury no later than October 1 and takes
3 effect on January 1 of the succeeding year.

4 (12) The affordability funding factor must be considered as
5 part of the total bill for the purposes of considering water
6 affordability based on household income caps in the affordability
7 programs outlined in sections 14n through 14s.

8 (13) Providers shall include the low-income water residential
9 affordability funding factor on all retail water bills. Providers
10 may list the low-income water residential affordability funding
11 factor as a separate line item on residential customer bills or
12 incorporate the funding factor into their retail water rates.
13 Payment for services collected by providers must first be applied
14 to satisfy this subsection and must be remitted to the state
15 treasurer for deposit in the fund on a regular cycle that matches
16 the remitting providers' billing cycle but not later than 30 days
17 after the last day of the billing cycle.

18 (14) After the first full year of collection, by April 1, the
19 provider is required to annually provide to the department the
20 following information regarding the low-income water residential
21 affordability funding factor:

22 (a) The number of retail water-metered accounts for which a
23 bill was sent subject to the low-income water residential
24 affordability funding factor on June 30 and December 31 of the
25 previous calendar year.

26 (b) The total amount of money collected by the provider from
27 the low-income water residential affordability funding factor.

28 (c) The total amount of money not collected by the provider
29 from the low-income water residential affordability funding factor.



1 (d) The total amount of money remitted by the provider to the
2 state treasurer from the low-income water residential affordability
3 funding factor.

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

6 (15) Money collected from the funding factor fees within each
7 of the department's business service center regions must be
8 disbursed to providers and program administrators within that same
9 business service center regions.

10 (16) By July 1 of each year, the task force shall annually
11 provide a report to the legislature and post that report on the
12 department's website. The report must include the following:

13 (a) The information collected under subsection (8).

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

15 (c) Any recommended adjustments to the affordability program
16 or fund.

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

19 (17) This section does not give the Michigan public service
20 commission the power to regulate a public water utility.

21 (18) The attorney general may enforce this section against a
22 provider that fails to include the low-income water residential
23 affordability funding factor on all retail water bills or remit the
24 money collected from the affordability funding factor by filing a
25 civil action in the circuit court in the county where the provider
26 does business. Subject to this subsection, a provider is not
27 subject to liability for the affordability funding factor fees
28 included on retail water bills but not collected through the
29 provider's normal business practices.



1 (19) The department of treasury shall create a mechanism
2 through which a retail water customer or philanthropic entity can
3 donate funds into the fund. Any entity that contributes more than
4 \$5,000.00 shall receive a "water affordability champion"
5 designation.

6 (20) This section does not preclude a provider from
7 establishing other funding mechanisms to supplement its approved
8 locally administered program.

9 Enacting section 1. This amendatory act does not take effect
10 unless all of the following bills of the 102nd Legislature are
11 enacted into law:

12 (a) Senate Bill No. 549.

13 (b) Senate Bill No. 551.

