

# SENATE BILL NO. 549

October 03, 2023, Introduced by Senators CHANG, BAYER, CAVANAGH, WOJNO and SHINK and referred to the Committee on Housing and Human Services.

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) "Eligible customer" means a provider's customer whose**  
3 **household income does not exceed 200% of the federal poverty**  
4 **guidelines or who meets any of the following requirements:**

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

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

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

6 (iv) Receives assistance under the Michigan energy assistance  
7 program.

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

10 (vi) Receives supplemental security income.

11 (vii) Receives assistance under the weatherization assistance  
12 program.

13 (b) "Low-income water residential affordability program" means  
14 the low-income water residential affordability program created in  
15 section 14o.

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

24 (d) "Program administrator" means the department, provider, or  
25 third party organization that administers a low-income water  
26 residential affordability program.

27 (e) "Provider" means a community water supply that is publicly  
28 or privately owned and provides retail water service in this state.

29 (f) "Residential customer" means an individual who is either

1 receiving or is eligible to receive water service at that  
2 individual's primary residence.

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

5 (h) "Task force" means the task force created in section 14q.

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

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

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

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

1 send a text message about the affordability program. The department  
2 or program administrator shall determine eligibility. The  
3 department or program administrator shall immediately notify the  
4 provider it has begun the eligibility review and that the provider  
5 shall not pursue shutoff during the review. The department or  
6 program administrator shall send notification to the applicant and  
7 the provider about the results of the eligibility review promptly  
8 once that review is completed.

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

27 (5) The department may contract or collaborate with a third  
28 party organization that collects or processes household income  
29 information in order to complete the income eligibility review to

1 determine if an individual meets the requirements for the low-  
2 income water residential affordability program, notify the  
3 applicant and provider, or perform other functions necessary for  
4 implementing the low-income water residential affordability  
5 program.

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

1 fund 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 shall apply to the entire water  
16 bill, which includes, but is not limited to, any rider, fee,  
17 surcharge, 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 him or her with information regarding  
22 the low-income water residential affordability program and the rate  
23 to be charged by the provider.

24 (9) The department shall develop a process and timeline for  
25 redetermination based on the recommendations of the task force.  
26 There shall not be a time limit on a customer's enrollment in a  
27 low-income water residential affordability program.

28 (10) The department shall establish or refer customers to a  
29 system of appeal and complaint process in which a customer may

1 challenge a program administrator's decision on eligibility at any  
2 point or submit a complaint regarding the low-income water  
3 residential affordability program. Upon the customer's filing an  
4 appeal, the program administrator must notify the provider to place  
5 a hold on the customer's account to cease collection or service  
6 disconnection until the hearing process is complete.

7 (11) The program administrator shall make a good-faith effort  
8 to assess whether an eligible customer is in need of household  
9 plumbing repair to address a leak or other plumbing or water  
10 service issue. The department or contracted third party  
11 organization shall connect the eligible customer with resources to  
12 fix the water service issue and pay for the necessary minor repair  
13 up to \$2,500.00 per household. The program administrator shall  
14 establish a waiver process to issue over \$2,500.00 for plumbing  
15 repairs if the customer demonstrates an extreme need.

16 Sec. 14p. (1) Each provider shall give notice to its customers  
17 regarding the availability of either the department's low-income  
18 water residential affordability program or the provider's own low-  
19 income water residential affordability program, if it has one, and  
20 the process to apply for that program. The notice required under  
21 this subsection must be given to each customer in writing on the  
22 customer's water bill and by posting on the provider's website if  
23 the provider maintains a website.

24 (2) Beginning January 1, 2025, the department must inform all  
25 individuals receiving benefit program services from the department  
26 regarding the availability of the low-income water residential  
27 affordability program and the process to apply for that program.

28 Sec. 14q. (1) Not later than 30 days after the effective date  
29 of the amendatory act that added this section, the department shall



1 create a low-income water residential affordability program task  
2 force.

3 (2) The department director shall appoint members of the task  
4 force that include, but are not limited to, representatives of a  
5 water provider with a population served of less than 3,300, a water  
6 provider with a population served of between 3,300 and 10,000, a  
7 water provider with a population served of over 10,000, water and  
8 sewerage customer advocacy groups, community action agencies,  
9 municipal governments, and environmental groups.

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

11 (a) Discuss, and advise the department on, best practices for  
12 administering the low-income water residential affordability  
13 program.

14 (b) By no later than 9 months after the effective date of the  
15 amendatory act that added this section, develop further guidance  
16 for the low-income water residential affordability program. The  
17 department shall implement this plan no later than 18 months after  
18 the effective date of the amendatory act that added this section.

19 (c) Work with the department to develop educational outreach  
20 materials about the low-income water residential affordability  
21 program.

22 (d) Seek additional funding sources for the low-income water  
23 residential affordability program.

24 (e) Explore ways to expand the low-income water residential  
25 affordability program to include more types of water providers.

26 (4) The department shall collaborate with the department of  
27 treasury to distribute funding from the water affordability fund to  
28 the water providers to make up the difference between the total of  
29 customers' actual water, sewerage, and stormwater bill and the

1 total discounted water and sewerage bills provided through the  
2 department's or a provider's low-income water residential  
3 affordability program. The department shall collaborate with the  
4 department of treasury to distribute funds to assist with plumbing  
5 repairs and other repairs necessary as described in section 14o(8).  
6 The department of treasury shall set aside a specific funding  
7 amount for plumbing repairs.

8 (5) The department shall collaborate with the department of  
9 treasury to distribute funds to third party organizations that the  
10 department collaborates with to administer the low-income water  
11 residential affordability program to cover the administrative  
12 costs.

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

16 (2) A customer who is enrolled in the low-income water  
17 residential affordability program shall receive full forgiveness of  
18 the individual's arrears if, on the date the individual is enrolled  
19 in a low-income water residential affordability program, the  
20 individual's arrears are less than or equal to \$1,500.00. If, on  
21 the date the individual enrolls in a low-income water residential  
22 affordability program, that individual has arrears more than  
23 \$1,500.00, that individual shall receive forgiveness of 1/2 of the  
24 current arrears. After 12 months of successful participation in the  
25 low-income water residential affordability program, that individual  
26 with over \$1,500.00 in original arrearages shall have up to  
27 \$1,500.00 in additional arrearages forgiven.

28 (3) A customer who is enrolled in the low-income water  
29 residential affordability program for 24 months and who has made

1 timely payments on the individual's water bills for 24 months shall  
2 receive forgiveness of the remainder of the individual's arrears if  
3 the arrears were greater than \$1,500.00 when the individual  
4 enrolled in a low-income water residential affordability program.  
5 The program administrator may request to the department that an  
6 amount exceeding \$1,500.00 be forgiven if the individual has an  
7 extreme need.

8 (4) Upon enrollment, and while a customer remains eligible and  
9 enrolled in the low-income water residential affordability program,  
10 a provider shall not certify to property tax any amount of arrears  
11 subject to arrearage forgiveness as provided in this section.

12 Sec. 14s. (1) A water provider may design and implement its  
13 own low-income water residential affordability program rather than  
14 use the department's low-income water residential affordability  
15 program, as long as its low-income water residential affordability  
16 program meets the following criteria:

17 (a) The program is designed so that an individual enrolled in  
18 its program does not pay more than 3% of that individual's  
19 household income on either the water bill or the discounted water  
20 bill, whichever results in a lower amount to be paid.

21 (b) The provider maintains records of the customers enrolled  
22 in the program and relevant data and makes those records and data  
23 available to the department.

24 (c) The provider considers the customer to be an eligible  
25 customer or a more generous threshold.

26 (d) Other criteria as determined by the department.

27 (2) A water provider may partner with a community action  
28 agency, united way organization, or other community organization to  
29 implement its low-income water residential affordability program.

1           (3) If a provider designs and implements its own low-income  
2 water residential affordability program and the provider already  
3 had a water affordability or assistance program, the provider does  
4 not need to require a customer who is already enrolled in the  
5 provider's water affordability or assistance program to reapply for  
6 a program funded by the water affordability funding factor.

7           (4) A water provider that designs and implements its own low-  
8 income water residential affordability program must submit its  
9 program plan to the department for review and approval and receive  
10 an approval letter from the department. The department must review  
11 program plans and provide the provider with any recommended or  
12 required changes. The water provider must provide updates to the  
13 department about any substantive change to the program planned  
14 after receiving initial approval. If at any point the water  
15 provider identifies that its low-income water residential  
16 affordability program may not have sufficient resources to  
17 continue, at that point, the water provider must notify the  
18 department within 90 days and detail what steps are being taken to  
19 attempt to address the situation. The department shall collaborate  
20 with the water provider to identify potential strategies.

21           (5) A water provider that designs and implements its own low-  
22 income water residential affordability program may create more than  
23 2 tiers in its tier system.

24           (6) If a water provider chooses not to design and implement  
25 its own low-income water residential affordability program, it must  
26 use the department's low-income water residential affordability  
27 program.

28           Sec. 14u. If an individual submits an application to the  
29 department or contracted third party organization for the

1 department and the individual is a customer of a provider that has  
2 its own low-income water residential affordability program, the  
3 department or third party organization must forward the application  
4 directly to that customer's provider's plan administrator.

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

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

10 (a) Senate Bill No. 550.

11

12 (b) Senate Bill No. 551.

13