

SUMMARY OF AFFORDABILITY BILLS and CHANGES IN SUBSTITUTE BILLS

SB549/HB5088 – Affordability Program Bill

- Covers water, sewer and drainage if billed by water provider.
- Two tiers of payments based on income – up to 135% of FPL/up to 200% FPL.
- Customer payment not to exceed 2% of average household income in first tier; 3% of average household income in second tier.
- Arrearage forgiveness of \$1,500 first year, another \$1,500, if needed, in second year.
- No shut off if enrolled in program or on payment plan.
- Customers default to State program unless water provider wants to administer its own plan.

Changes in substitute bill:

- Dept of Treasury prepares annual projections starting in 2026.
- Definition of “provider” to include utilities that supply and/or perform retail billing for other communities.
- If a provider is administrating their own plan it must comply with the parameters for the statewide plan, but if its benefits exceed the plan, they must make up the extra funding on their own; two or more providers may implement a shared program.
- Waiver process to be established for households with hardships at 200-250% of FPL so they can participate in program
- Benefits: information about affordability program can be on bills or *with* bills; arrearages payable upon enrollment; third party administrator notifies water provider within 3 business days that applicant is under review and shut off not allowed.
- If funding is insufficient, available fund distribution should prioritize all enrollees equitably across geographic region and population sizes.
- Only licensed plumbers may be used for minor plumbing repairs; only owner-occupied homes are eligible for plumbing repairs if enrolled in program.
- A base allocation of water usage per month, for households with 0 to 4 people, 6 to 8 ccf; for households with 5 to 6 people, 9 to 11 ccf; for households with 7 to 8 people, 12 to 14 ccf; for households with 9 to 10 people, 15 to 17 ccf; and for households with 11 or more people, 18 to 20 ccf. If the eligible customer exceeds the base allocation, the water provider shall charge their normal rate for excess. If a household exceeds its limit, then the third-party administrator takes steps to reduce consumption.
- Strengthened redetermination language so that DHHS looks at SNAP and other programs’ redetermination processes and timelines in creating those for this program.
- Clarifies that DHHS will engage in public relations activities to promote the affordability program so that people know to apply.
- State law takes precedence over conflicting local ordinances.

SB 550/ HB 5089 Fund Bill

- \$2 per meter charge/monthly/all customers; or the monthly billing equivalent (i.e. \$6 per quarter).
- Prescribes administrative fees, no lapse to general fund.
- Covers gap payments, arrearages and plumbing repairs.

Changes in substitute bill:

- Capped amount of the fund that can be used for plumbing repairs at \$15M/year per Treasury request to assist them with projections.
- Money collected from the funding factor fees within each DHHS business service center region must be disbursed to providers and program administrators within that same region.
- Data on participation to be collected biannually.
- \$2 fee on metered or flat rate accounts, excluding fire line and irrigation accounts.
- Definition of “provider” to include utilities that supply and/or perform retail billing for other communities.
- Locally administered programs can seek alternate funding mechanisms to supplement programs.
- If water provider has a preexisting water affordability or assistance program, the monthly funding factor customer pays may be: (1) the full funding factor, (2) the monthly fee minus the average amount customers in that service area paid into preexisting program the previous year, OR (3) the full funding factor less 10% if the provider had a fee or funding mechanism in the previous year.
- DHHS is the administrator of the fund for auditing purposes.
- Department can reduce the \$2/meter funding factor if there are enough funds for 3 years.
- Payments made to a provider from fund are exempt from levy, attachment, garnishment, etc. or any other process to collect debt.

SB 551/HB 5090 Shutoff Protection Bill

- Notice provisions prior to shutoff for nonpayment shall be on bills, door hanger, home visit, calls, and/or texts.
- Must apply for a program or payment plan to prevent shut off.
- Shut offs on certain days/times – restoration must be prompt.
- Critical care customers protected.
- If customer fails to comply with program rules, triage process established to provide wraparound services before unenrollment.
- If unlawfully occupied, owner can request water shutoff.

Changes in substitute bill:

- Updates the definition of “critical care customer” to match the definition in the affordability bill and clarifies that medical documentation should have a timeline or be renewed annually.
- If water is shut-off for public health reasons the public must be notified consistent with Michigan Safe Drinking Water Act.
- Number of notifications to customer facing shutoff reduced from 4 to 3.
- Additional flexibility for triage meeting to those involved in the enrollment process.
- Protections for tenants if landlord/owner is responsible for paying water bill but fails to do so: tenant notifies water provider and provides copy of lease; no shut off allowed; water provider may add other protections; water provider may still collect from property owner pursuant to Municipal Water Liens Act.

SB 552/HB 5092 Tenant bill – illegal reconnections

- Reduction from felony to misdemeanor for illegal turn-ons at low-income homes who had inability to pay.

Changes in substitute bill:

- Affected household with illegal reconnection after shut-off referred to the low-income water affordability program if eligible.
- Reduction of the community service hours penalty.

SB 554/HB 5091 Tenant bill

- If landlord responsible for paying water bill and does not, tenant can request the account be put in tenant’s name and a rent reduction. Landlord must comply.
- Request may be made to send water bills to both landlord and tenant.

Changes in substitute bill:

- Removed requirement that landlord must put account in tenant’s name and reduce rent.

SB 980 Creation of Low-Income Water Residential Affordability Program Task Force

- Task force established to make recommendations to state regarding administration of plan, benefits, or funding.
- Comprised of representatives from different size communities—rural suburban and urban areas.
- Task force may review and revise base allocation water usage limits.
- Develop educational outreach materials.
- Explore ways to expand programming.