

# MICHIGAN'S PENDING WATER AFFORDABILITY LEGISLATION

The most comprehensive and administratively achievable statewide water affordability program in the nation that protects the health of low-income households

## WIDE-RANGING COALITION

**of 65+ stakeholders worked for more than a year on this legislation.**

- Legislators
- Nurses
- Michigan DHHS
- Community water advocates
- Water utility associations
- Water utilities
- Environmental groups
- Social service agencies
- Community action agencies

## WATER AFFORDABILITY PACKAGE SERVES TWO PRIMARY PURPOSES:

**1**

Protects public health because income-eligible customers will be able to pay an affordable bill and not be at risk of shut off; and

**2**

Reduces rate increases to cover bad debt and helps water systems better focus their revenues on critical operational and infrastructure needs.

## THREE KEY BILLS:



### **SB549/HB5088**

#### **Establishes a Statewide Income Based Water Affordability Program**

- Two tiers, a capped payment:
  - > 0 - 135% of federal poverty level (FPL) – 2% of average household income in service area
  - > 136% - 200% of FPL – 3% of average household income in the service area
  - > Hardship waivers for households at 201% - 250% of FPL
- Arrearage forgiveness: \$1,500 year one; \$1,500 year two; hardship option to erase higher balances
- Plumbing repairs up to \$2,500 to conserve water and lower bills
- Discounted water cap on household usage to encourage reasonable usage
- Triage process if the person falls behind in payments (wraparound services)
- New or existing locally administered programs must meet state criteria



### **SB 550/HB 5089**

#### **Funding Mechanism to Pay for the Program**

- \$2 per month per domestic use metered water account
- Money goes from providers to a central fund at State Treasury
- Funds are segregated to four Michigan Department & Health & Human Services (MDHHS) regions – what is collected in a region, is distributed to that region



### **SB 551/HB 5090**

#### **Shut Off Protection**

- Sets forth requirements for number of and content of notices prior to service interruption for non-payment
- New critical Care Customers category protects medically documented customers from shut off regardless of income

**More on back**

## **BUSINESS CASE FOR LEGISLATION — THE VALUE PROPOSITION:**



**Studies show there is need across the state for robust water affordability: urban, suburban and rural communities are struggling to pay their water bills.**

- In 2020, more than 317,000 Michigan households were known to have past due water bills.
- The University of Michigan and Public Sector Consultants report that between 290,000 and 390,000 Michigan households would benefit from this statewide water affordability program.



**The \$2 user-fee puts water systems on equal footing with Michigan Energy Assistance Program (MEAP) fee on heating and cooling utility bills, which has been around for decades.**



**All customers cover debt of those who cannot pay—one way or another.**

- Water costs have increased 188% over the past four decades as water rates have doubled or even tripled in communities across Michigan.



**Water providers are often forced to increase rates in order to cover unpaid water bills to continue providing treated drinking water, conveying sewage/stormwater, maintaining infrastructure such as planned pipe rehabilitation, and emergency repairs to all their customers.**



**Even municipalities that use tax roll incur debt.**

**For more information  
[MIwaterplan.com](http://MIwaterplan.com)**