

**SUBSTITUTE FOR
HOUSE BILL NO. 5089**

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) 5% of the fund to the department for administrative costs
6 of the affordability program. The department shall evaluate the
7 amount under this section every 3 years after the effective date of
8 the amendatory act that added this section.

9 (b) \$425,000.00 to the department of treasury.

10 (c) The remaining balance of the fund to providers and program
11 administrators for the following:

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

14 (ii) Payment or advancement to providers and program
15 administrators for income-based bill discounts, income-based bill
16 caps, or income-based rates.

17 (iii) Arrearage payments.

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

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

29 (7) The department shall disburse funding from the fund to



1 providers and program administrators on a frequency of not less
2 than quarterly for the items listed in subsection (5) (c).

3 (8) Subject to the limitations imposed in this section, the
4 low-income water residential affordability funding factor is 1 of
5 the following amounts:

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

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

14 (c) If the provider had a water assistance program or the
15 affordability program on the effective date of the amendatory act
16 that added this section, any of the following fees:

17 (i) A fee of \$2.00 per month for each retail water-metered or
18 flat rate account.

19 (ii) A fee of \$2.00 per month for each retail water-metered or
20 flat rate account less an amount that is equivalent to the average
21 monthly amount the customer paid the previous year for the water
22 assistance program or affordability program.

23 (iii) A fee of \$2.00 per month for each retail water-metered
24 account or flat fee rate less 10% if the provider imposed a fee for
25 a water assistance program or an affordability program in the
26 previous year for the water assistance program or affordability
27 program.

28 (9) After 3 years, the department of treasury may adjust the
29 funding factor annually based on recommendations from the task



1 force. The department of treasury may adjust the funding factor
2 within each of the department's business service center regions.
3 The task force or the department may recommend to the department of
4 treasury to reduce the funding factor under subsection (8)(c) if
5 projections show there is enough in the fund to sustain the
6 affordability program for 3 years with the reduced funding factor.

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

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

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

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

27 (14) After the first full year of collection, by April 1, the
28 provider is required to annually provide to the department the
29 following information regarding the low-income water residential



1 affordability funding factor:

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

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

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

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

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

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

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

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

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

24 (c) Any recommended adjustments to the affordability program
25 or fund.

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

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



1 (18) The attorney general may enforce this section against a
2 provider that fails to include the low-income water residential
3 affordability funding factor on all retail water bills or remit the
4 money collected from the affordability funding factor by filing a
5 civil action in the circuit court in the county where the provider
6 does business. Subject to this subsection, a provider is not
7 subject to liability for the affordability funding factor fees
8 included on retail water bills but not collected through the
9 provider's normal business practices.

10 (19) The department of treasury shall create a mechanism
11 through which a retail water customer or philanthropic entity can
12 donate funds into the fund. Any entity that contributes more than
13 \$5,000.00 shall receive a "water affordability champion"
14 designation.

15 (20) This section does not preclude a provider from
16 establishing other funding mechanisms to supplement its approved
17 locally administered program.

18 Enacting section 1. 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. 980.
22 (b) House Bill No. 5088.
23 (c) House Bill No. 5090.

