

**SUBSTITUTE FOR
HOUSE BILL NO. 5088**

A bill to amend 1939 PA 280, entitled
"The social welfare act,"
(MCL 400.1 to 400.119b) by adding sections 14n, 14o, 14p, 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) "Affordability program" means the low-income water**
3 **residential affordability program created in section 14o.**

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

7 **(i) Has received assistance from a state emergency relief**
8 **program within the past year.**



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

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

4 (iv) Receives assistance under the Michigan energy assistance
5 program.

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

8 (vi) Receives supplemental security income.

9 (vii) Receives assistance under the weatherization assistance
10 program.

11 (c) "Fund" means the low-income water residential
12 affordability fund created in section 14t(1).

13 (d) "Low-income water residential affordability funding
14 factor" or "affordability funding factor" means a mandatory fee on
15 each retail water-metered or flat rate account that is not an
16 irrigation or fire-line account payable by every customer receiving
17 water or sewerage service from a provider.

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

26 (f) "Program administrator" means the department, provider, or
27 third-party organization that administers an affordability program.

28 (g) "Provider" means a public or private community water
29 supply that provides retail water service in this state or performs



1 retail billing services for another community water supply.

2 (h) "Residential customer" means an individual who is either
3 receiving or is eligible to receive water service at that
4 individual's primary residence.

5 (i) "Retail water customer" means a residential or
6 nonresidential customer receiving a water bill for water service.

7 (j) "Task force" means the low-income water residential
8 affordability program task force created in section 14q.

9 (k) "Water bill" means a request from a provider to a retail
10 water customer for payment for water service. Water bill includes a
11 request for payment of sewer, stormwater, or other related services
12 if the provider charges for those services.

13 Sec. 14o. (1) The low-income water residential affordability
14 program is created within the department to address reduction or
15 retiring of water bill arrearages and to ensure that an eligible
16 customer's monthly water bill, including discounts provided by the
17 program or the provider, is based on the eligible customer's
18 household income and, subject to available funding in the fund,
19 that the customer does not pay more than 3% of the household income
20 on the water bill. The department shall develop and, with the
21 assistance of third-party organizations, administer the
22 affordability program created under this section to customers of a
23 provider that chose to utilize the department's program. On an
24 annual basis beginning in 2026, the department and the department
25 of treasury shall prepare projections to determine the estimated
26 funding required to offer all enrolled and eligible customers and
27 projected eligible applicants who will enroll for the coming fiscal
28 year, applicable program benefits. If the projections reflect that
29 the required funding from the affordability program fund will be



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

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

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



1 the individual on the telephone or send a text message about the
2 affordability program. The department or program administrator
3 shall determine eligibility. Not later than 3 business days after
4 the department or program administrator has begun the eligibility
5 review, the department or program administrator shall notify the
6 provider it has begun the review and that the provider shall not
7 pursue shutoff during the review. The department or program
8 administrator shall send notification to the applicant and the
9 provider about the results of the eligibility review promptly once
10 that review is completed.

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

29 (5) The department may contract or collaborate with a third-



1 party organization that collects or processes household income
2 information in order to complete the income eligibility review to
3 determine if an individual meets the requirements for the
4 affordability program, notify the applicant and provider, or
5 perform other functions necessary for implementing the
6 affordability program.

7 (6) The department shall create tiers of eligible customers
8 for the program based on household income level compared to the
9 federal poverty guidelines and the corresponding discounts,
10 credits, or percentage of household income caps on water bills for
11 each tier, in consultation with the task force. A provider may use
12 discounts, credits, or other payment methods to result in water
13 bills that meet the percentage of household income-based payments
14 as required under this act. The tiers must include a tier for
15 households where the household income is at or less than 135% of
16 the federal poverty guidelines and the corresponding cap is 2% of
17 household income or there is a standardized household contribution
18 of 2% of the average household income for households with income
19 between 0% and 135% of the federal poverty guidelines within the
20 provider's water service area and a tier for households where the
21 household income is greater than 135% but at or less than 200% of
22 the federal poverty guidelines and the corresponding cap is 3% of
23 household income or there is a standardized household contribution
24 of 3% of the average household income for households with income
25 between 135% and 200% of the federal poverty guidelines within the
26 provider's water service area. The department shall adjust the
27 standardized household contribution based on the department of
28 treasury's projections beginning in 2026 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 payment methods on the eligible
10 customer's water bill to result in a bill that is affordable based
11 on the eligible customer's household income as determined by the
12 program administrator. The provider shall not provide a discount or
13 credit if the eligible customer's prediscount precredit bill amount
14 would be lower than the bill amount after application of the
15 discount or credit. The discount or credit must apply to the entire
16 water bill, which includes, but is not limited to, any rider, fee,
17 surcharge, or as described in section 14t, funding factor. The
18 discount or credit provided under this subsection must not be
19 applied to other charges for public services on the eligible
20 customer's water bill that are unrelated to water, sewer, or storm
21 water services.

22 (8) The program administrator shall inform the individual of
23 the determination of whether or not that individual is an eligible
24 customer. If the individual is an eligible customer, the program
25 administrator shall provide the individual with information
26 regarding the affordability program and the rate to be charged by
27 the provider.

28 (9) Depending on the availability of funds, the program
29 administrator may issue a waiver and include a household that is



1 between 200% and 250% of the federal poverty guidelines into the
2 affordability program if the household is experiencing any of the
3 following financial hardships:

4 (a) Job loss or reduction of income.

5 (b) Acute or chronic physical or mental illness.

6 (c) Increase in essential expenses.

7 (d) Major home repair due to natural disaster or unexpected
8 catastrophic event or repairs to essential equipment.

9 (e) Death of a household income provider or unexpected funeral
10 or burial expenses.

11 (10) The department shall develop a process and timeline for
12 redetermination based on the recommendations of the task force and
13 shall consider the redetermination timelines and processes for
14 similar programs, including, but not limited to, the supplemental
15 nutrition assistance program. There is no time limit on a
16 customer's enrollment in an affordability program.

17 (11) The department shall establish or refer customers to a
18 system of appeal and complaint process in which a customer may
19 challenge a program administrator's decision on eligibility at any
20 point or submit a complaint regarding the affordability program.
21 When the customer files an appeal, the program administrator must
22 notify the provider to place a hold on the customer's account to
23 cease collection or service disconnection until the hearing process
24 is complete.

25 (12) The program administrator shall make a good-faith effort
26 to assess whether an eligible customer is the property owner and in
27 need of household plumbing repair to address a leak or other
28 plumbing or water service issue. If the eligible customer is the
29 property owner, the department or contracted third-party



1 organization shall connect the eligible customer with licensed
2 master plumbers or licensed journey plumbers in this state to fix
3 the water service issue, and the department or contracted third-
4 party organization shall pay for the necessary minor repair up to
5 \$2,500.00 per household. The program administrator shall establish
6 a waiver process to issue over \$2,500.00 for plumbing repairs if
7 the property owner demonstrates an extreme need.

8 (13) An eligible customer in an affordability program has a
9 limited allocation of water use per month to qualify for the cap
10 under subsection (6). If the eligible customer exceeds the limited
11 allocation under this subsection, the provider shall charge the
12 provider's normal rate. The limited allocation of water use per
13 month will be determined by the provider and be within the ranges
14 as follows:

15 (a) Six to 8 centum cubic feet for households with zero to 4
16 people.

17 (b) Nine to 11 centum cubic feet for households with 5 to 6
18 people.

19 (c) Twelve to 14 centum cubic feet for households with 7 to 8
20 people.

21 (d) Fifteen to 17 centum cubic feet for households with 9 to
22 10 people.

23 (e) Eighteen to 20 centum cubic feet for households with 11 or
24 more people.

25 (14) A provider shall attempt to contact a customer that
26 exceeds the limited allocation of water use per month described
27 under subsection (13) to determine next steps the customer may take
28 to reduce water consumption, including possible minor plumbing
29 repairs under to this section, and to coordinate with the program



1 administrator regarding continued eligibility in the program.

2 Sec. 14p. (1) Each provider shall give notice to its customers
3 regarding the availability of either the department's affordability
4 program or the provider's own affordability program, if it has one,
5 and the process to apply for that program. The notice required
6 under this subsection must be given to each customer in writing on
7 or with the customer's water bill and by posting on the provider's
8 website if the provider maintains a website.

9 (2) Beginning on the date described under section 14o(2), the
10 department shall engage in public relations activities to promote
11 affordability program across this state and must inform all
12 individuals receiving benefit program services from the department
13 regarding the availability of the affordability program and the
14 process to apply for that program.

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

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

29 (3) A customer who is enrolled in the affordability program



1 for 24 months and who has made timely payments on the individual's
2 water bills for 24 months shall receive forgiveness of the
3 remainder of the individual's arrears if the arrears were greater
4 than \$1,500.00 when the individual enrolled in an affordability
5 program. The program administrator shall request to the department
6 that an amount exceeding \$1,500.00 be forgiven if the individual
7 has an extreme need. If a caseworker determines that the individual
8 has had extreme need or circumstances in their life that led them
9 to not pay every payment for 24 months, the caseworker may make a
10 determination based on their best judgment that the individual
11 should still receive forgiveness for their arrears.

12 (4) Upon enrollment, and while a customer remains eligible and
13 enrolled in the affordability program, a provider shall not certify
14 to property tax any amount of arrears subject to arrearage
15 forgiveness as provided in this section.

16 Sec. 14s. (1) A provider may, or 2 or more providers may,
17 collaborate to design and implement an affordability program rather
18 than use the department's affordability program, as long as the
19 affordability program meets the following criteria:

20 (a) The program is designed so that an eligible customer
21 enrolled in the program will not pay more than the tiers provided
22 for in section 14o(6). The program must also be consistent with the
23 enrollment process described in section 14o, as well as the
24 arrearage forgiveness described in section 14r.

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

27 (c) Other criteria as determined by the department.

28 (2) A provider may partner with a community action agency,
29 United Way organization, or other community organization to



1 implement its affordability program.

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

8 (4) A provider that designs and implements its own
9 affordability program must submit its program plan to the
10 department for review and approval and receive an approval letter
11 from the department. The program plan must include a description
12 that meets the minimum criteria provided under subsection (1). The
13 department must review program plans and provide the provider with
14 any recommended or required changes. The provider must provide
15 updates to the department about any substantive change to the
16 program planned after receiving initial approval.

17 (5) If a provider develops an affordability program that is
18 more generous than the department's affordability program, the
19 provider must utilize its own funding or other source of funding
20 beyond the fund for the more generous program's increased budget.

21 (6) A provider that designs and implements its own
22 affordability program may create more than 2 tiers in its tier
23 system.

24 (7) If a provider chooses not to design and implement its own
25 affordability program, it must use the department's affordability
26 program.

27 (8) A provider that serves less than 6,000 customers may elect
28 not to collect the low-income water residential affordability
29 funding factor if the provider's governing body adopts a policy



1 that it will create its own affordability program and fund and
 2 designs and implements an affordability program and creates an
 3 affordability fund. Two or more providers with less than 6,000
 4 water meters may create a combined affordability program plan
 5 administered by 1 or more of the participating providers. The
 6 affordability program plan created under this subsection must
 7 include a description of the criteria described under subsection
 8 (1) and describe the providers' ability to maintain a fund to
 9 sustain the providers' affordability program. The providers must
 10 submit the affordability program plan to the department for annual
 11 review and approval and receive an approval letter. The department
 12 must review the affordability program plan and provide the
 13 providers with any recommended or required changes. The providers'
 14 annual updates to the department must identify whether there have
 15 been changes to the affordability program plan or fund. If the
 16 department determines the providers are unable to administer or
 17 fund the affordability program created under this subsection for 2
 18 consecutive years, the department shall notify the providers that
 19 they must enroll eligible customers in the department's
 20 affordability program and impose a funding factor as provided for
 21 under section 14t.

22 (9) If a provider is subject to a local ordinance that
 23 conflicts with this act, this act supersedes that local ordinance.

24 Sec. 14u. If an individual submits an application to the
 25 department or contracted third-party organization for the
 26 department and the individual is a customer of a provider that has
 27 its own affordability program, the department or third-party
 28 organization must forward the application directly to that
 29 customer's provider's plan administrator.



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

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

6 (a) Senate Bill No. 980.

7 (b) House Bill No. 5089.

8 (c) House Bill No. 6228.

