BIPARTISAN SOLUTION TO WATER AFFORDABILITY IN MICHIGAN

• Dedicated Funding Source • Comprehensive & Administrativly Feasable •
• Supports Infrastructure • Protects Public Health •

THIS BILL 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 ensures water systems have necessary revenue for basic operational and infrastructure needs.

FOUR KEY BILLS:

SB 248 - Funding Mechanism to Pay for the Program

- $1.25 per month per domestic use metered water account; 25 cent increase per year for 3 years
- Michigan Department & Health & Human Services (MDHHS) adminsters the fund
- Funds are segregated to four MDHHS regions – what is collected in a region, is distributed to that region
- Water providers with pre-existing program funds may discount the water meter fee.

SB 249 - Low Income Water Residential Affordability Program Task Force

- Reviews and makes recommendations regarding program rules, administration and funding

SB 250 - 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)
- Local water providers have four options:

1. **Collect the $1.25 monthly funding factor**, submit that to the state, and **participate in** the **DHHS state water affordability program**; funding collected in each DHHS service center region stays in that region.	2. **Collect the $1.25 monthly funding factor**, submit that to the state, and **maintain or start your own local water affordability program**; two or more providers can combine; funding collected in your DHHS service center region will fund your program.
3. **"Local option" – Don't collect the $1.25** monthly funding factor, **maintain or start your own local water affordability program**, and **develop your own funding source**; two or more providers can combine.	4. **"Opt out" – for providers with 6,000 or fewer customers, don't collect the $1.25** monthly funding factor, and **instead of creating your own local water affordability program**, your governing board **adopts a policy regarding arrears to not: shut off water, certify any amount to the property tax authority, and pursue aggressive debt collection**.

SB 252 - 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 $1.25 user-fee puts water systems on equal footing with Michigan Energy Assistance Program (MEAP) fee on heating and cooling utility bills, which has existed 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 infrustructure such as planned pipe rehabilitation, and emergency repairs to all their customers.
- Even municipalities that use tax roll incur debt.

Local water providers need every customer to pay their fair share for services because those dollars go right back into the system for maintenance, repair and upgrades.

- Most of the infrastructure within Michigan's community water supply systems is more than 50 years old.
- While we continue to explore funding sources for major infrastructure upgrades, this legislation will help water providers collect necessary revenues for basic operational and maintenance expenses.

WIDE-RANGING COALITION

65+ stakeholders worked for more than 2 years on this bipartisan legislation.

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

For more information
MIwaterplan.com