



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 248 and 250 (Substitute S-1 as reported)
Senate Bills 249 and 252 through 256 (as reported without amendment)
Senate Bill 251 (Substitute S-2 as reported)
Sponsor: Senator Stephanie Chang (S.B. 248 & S.B. 252)
Senator John Damoose (S.B. 249)
Senator Rosemary Bayer (S.B. 250 & S.B. 251)
Senator Mary Cavanagh (S.B. 253 & S.B. 254)
Senator Paul Wojno (S.B. 255)
Senator Jeff Irwin (S.B. 256)
Committee: Housing and Human Services

CONTENT

Senate Bill 250 (S-1) would amend the Social Welfare Act to do the following:

- Create the Low-Income Water Affordability Program within the Department of Health and Human Services (DHHS) to ensure an eligible customer did not pay more than 3% of the customer's household income on a water bill, subject to certain Program funding.
- Require the DHHS to prepare a Program policy and procedure manual by January 1, 2026.
- Require the DHHS and the Department of Treasury (DoT) to project annually funding needs for the Program and, if funding were projected to be insufficient, identify alternative funding.
- Require the Program to apply immediately after its effective date to providers with 500 or more retail service connections and apply to all water providers in the State after 18 months.
- Require the DHHS to develop a nonaffordability application, which would trigger an income review, and specify what information could be used for the determination of income eligibility.
- Establish payment tiers based on the Federal Poverty Guidelines (FPL) with corresponding percentages of household income caps.
- Create an appeal and complaint process for a customer to challenge the eligibility decisions or make a complaint about the Program.
- Prescribe ranges of water usage based on household size that an eligible customer could use per month and require a provider to decide customers' limited allocations of water use per month within those ranges.
- Require the DHHS or a program administrator to assess whether an eligible customer needed a household plumbing repair and pay for up to \$2,500 per household for a repair.
- Allow a customer who was enrolled in the Program to receive full forgiveness for an overdue balance if the customer's balance were no more than \$1,500 or allow an enrolled customer with over \$1,500 of overdue balance to be fully forgiven if the customer were enrolled and made timely payments for 24 months.
- Allow a water provider to create its own program and specify that its own program would have to be comparable to the DHHS' Program.
- Allow a water provider serving 6,000 or fewer retail water customers to not collect the Program funding factor under Senate Bill 248 (S-1) if it had a policy to not shut off water to retail customers and not collect debt instead of shutting off water service.
- Require a provider to provide notice of its own program or the DHHS' Program and require the DHHS to notify all individuals who already received benefit program services of the availability of the Program.

Senate Bill 248 (S-1) would amend the Social Welfare Act to do the following:

- Create the Fund within the State Treasury and prescribe how money in the Fund could be spent.
- Require 5% of the Fund to be spent for administrative costs and prescribe how the remaining balance would be spent to implement the Program.
- Prescribe a monthly \$1.25 mandatory fee (funding factor) on each retail water meter payable by every customer receiving water or sewerage service from a provider.
- Require the funding factor to increase by \$0.25 each year from 2026 to 2029 and beginning March 1, 2030, annually based on changes in the Consumer Price Index.
- Require money collected from each of the DHHS's business service center regions to be remitted to providers and program administrators within each region.
- Allow the DoT to adjust the funding factor by October 1 to apply January 1 of the succeeding year.
- Require providers to annually provide the Task Force with a report concerning the Program and funding factor.
- Require the Task Force to annually provide the Legislature with a report concerning the Fund and post the report on the DHHS' website.
- Allow the Attorney General (AG) to file a civil action against a provider that failed to include the funding factor in customers' bills.
- Allow customers or entities to donate to the Fund and designate any customer or entity that contributed more than \$5,000 a "water affordability champion".

Senate Bill 249 would amend the Social Welfare Act to do the following:

- Require the DHHS to create the Water Affordability Task Force within 30 days of the bill's effective date.
- Prescribe the Task Force's membership and responsibilities.
- Require the DHHS to work with the DoT to distribute funding from the Fund created by Senate Bill 248 (S-1) to providers for reimbursement and to assist with plumbing and other necessary repairs.
- Require the DHHS to work with the DoT to distribute funding from the Fund to third-party organizations involved in administering the Program.

Senate Bill 252 would enact the "Water Shutoff Protection Act" to do the following:

- Prohibit a provider from shutting off residential water service while a customer was part of a program described in Senate Bill 250 (S-1).
- Prohibit a provider from shutting off residential water for nonpayment within 120 days of the payment's due date.
- Prescribe the requirements for a water service provider to temporarily shut off a residential water service.
- Require a provider to contact a residential customer at least three times to notify the customer of a delinquent account and require the provider to keep records of such notices before shutting off service.
- Prescribe the requirements of delinquency notices.
- Allow a customer that applied for a water affordability program to pay \$10 a month to a provider to delay a shutoff.
- Specify that a shutoff could only occur between the hours of 8 AM and 3 PM.
- Prohibit a shutoff from occurring on a day that the provider's restoration services were not available.
- Require a provider to provide restorative service upon payment or payment arrangements, including a payment plan or enrollment in a program.
- Allow a provider to assess a maximum restoration fee of \$150 and prohibit the provider from issuing a shutoff fee.

- Require a customer who failed to comply with a program to participate in triage to restore program compliance and prevent disenrollment.
- Allow a program administrator to create a renewal agreement for the triage process.
- Allow a provider to proceed with a shutoff process if a program customer failed to comply with the triage.
- Prohibit a provider from shutting off services if the Fund created by Senate Bill 248 (S-1) were insufficient and the customer was enrolled in a program.
- Allow the AG or a lawful occupant to file a civil action for damages, declaratory relief, or temporary or permanent injunctive relief for a violation of the Act.
- Require providers to take reasonable steps to provide equal language access to water services and vital information to residential customers.
- Prohibit a local subdivision of the State from enacting or otherwise enforcing a rule, regulation, code, or ordinance that was not substantially similar to the Act.

Senate Bill 253 would amend the landlord-tenant Act to do the following:

- Allow a tenant residing in certain metered or sub-metered rental premises to request a copy of a water or sewer bill from the water or sewer provider.
- Prohibit a landlord from interfering with or discriminating or retaliating against a tenant that made such a request.
- Require all rental agreements entered, renewed, or negotiated after the bill's effective date to include information on the tenant's rights to request and receive such information.

Senate Bill 254 would amend Public Act 178 of 1939, which governs the collection of water or sewage charges, to require a provider to comply with a request made by a tenant under Senate Bill 253.

Senate Bill 251 (S-2) would enact the "Water Affordability and Transparency Act" to do the following:

- Create the Office of Residential Water Affordability within the DHHS and prescribe its duties.
- Require the DHHS to create a standardized provider report form by April 1, 2028, and prescribe its contents.
- Require a provider to submit this report to the DHHS by April 1 each year, beginning within 15 months of the bill's effective date.
- Require the DHHS to compile and publish on its website a summary of the reports received by September 1 each year, beginning within 20 months of the bill's effective date.
- Require the DHHS to provide training to providers concerning the report by December 31, 2026.

Senate Bill 255 would amend the Michigan Penal Code to prescribe penalties and fines to an individual who restored water at the person's residence that was shutoff due to an inability to pay.

Senate Bill 256 would add sentencing guidelines to the Code of Criminal Procedure for felonies proposed by Senate Bill 255.

Generally, Senate Bills 248, 249, 250, and 252 are tie-barred. Senate Bill 251 is tie-barred to Senate Bills 248 and 250. Senate Bill 254 is tie-barred to Senate Bill 253. Senate Bill 256 is tie-barred to Senate Bill 255.

Senate Bill 250 would take effect 180 days after the bill's effective date. Senate Bill 252 would take effect two years after the bill's effective date. Senate Bills 255 and 256 would take effect 90 days after the bills' effective date.

Proposed MCL 400.14t (S.B. 248); Proposed MCL 400.14q (S.B. 249)
Proposed MCL 400.14n et al. (S.B. 250); Proposed MCL 554.601f (S.B. 253)
MCL 123.161 et al. (S.B. 254); 750.282 & 750.383a (S.B. 255)
777.16o & 777.16s (S.B. 256)

BRIEF RATIONALE

Approximately 75% of Michigan households pay for water provided by public water systems.¹ According to the University of Michigan's Water Center, since 1980, the costs charged by public water systems have grown 188% across the State and up to 320% in some cities.² The increasing cost of water may make paying water bills difficult for the State's low-income residents. The University of Michigan's Water Center found that, out of those who had a high-water burden (i.e., spent a greater share of their annual income on water services), 70.8% to 78.1% fell below the FPL.³ In total, between 6.59% and 10.75% of Michigan households struggled to pay their water bills in 2018.⁴ This percentage may increase as water bills continue to rise. Some believe that all residents should have access to water for purposes of public health and safety and that unaffordable water bills threaten this access. Accordingly, it has been suggested that the State provide aid to low-income households struggling to pay their water bills.

Legislative Analyst: Abby Schneider

FISCAL IMPACT

Senate Bills 248 (S-1) through 250 (S-1)

DHHS

The bill would create a restricted fund, the Low-Income Water Residential Affordability Program Fund, which would allow the State to appropriate funding to operate and administer funding to water providers to make up the difference between the total of customers' actual water, sewerage, and stormwater bill and total discounted water and sewerage bills provided through the DHHS or a local water provider water affordability program. The amount appropriated to the Fund each year would be subject to variation.

The initial annual funding factor would be \$1.25 per month per retail water meter or flat rate account that was not an irrigation or fire-line account. The fee would increase by \$0.25 annually from March 1, 2026, until February 28, 2030, so up to \$2.50 per month. After February 28, 2030, the bill would allow the DHHS to adjust the funding factor by the percentage increase in the United States Consumer Price Index for the immediately preceding calendar year. The rate increase would be limited if the Department of Treasury reported a remaining balance that exceeded 10% of funds collected by the funding factor in that fiscal year. The DHHS would have to adjust the rate so total collections did not surpass the amount from the low-income water affordability funding factor minus the remaining balance. The funding factor would be limited to \$3.00 per month for each retail water meter, or a set rate that led to collections totaling 10% more than those from the previous year.

¹ "Drinking Water and Wells", Michigan PFAS Action Response Team. Accessed 11-5-25.
[https://www.michigan.gov/pfasresponse/drinking-water#:~:text=drinking%20water%20supplies,-,Maximum%20Contaminant%20Levels%20\(MCLs\),impacting%20private%20wells%20in%20Michigan.](https://www.michigan.gov/pfasresponse/drinking-water#:~:text=drinking%20water%20supplies,-,Maximum%20Contaminant%20Levels%20(MCLs),impacting%20private%20wells%20in%20Michigan.)

² Read, Jennifer, et al., *Water Service Affordability in Michigan: A Statewide Assessment*, p. 16, 2018.

³ *Id.* p. 20.

⁴ *Id.* p. 19.

The bill also would allow for the funding factor to vary based on the geographically-based DHHS business service center area. Based on information from the United State Environmental Protection Agency Safe Drinking Water Information System, in Michigan there are approximately 2.5 million retail water meters serviced by water systems with 500 or more retail water service connections. According to the same source, there are approximately 106,000 retail water meters serviced by water systems with 500 or fewer retail water service connections.

The bills would require the DHHS to begin the affordability program not later than 18 months after the collection for the Fund begins. Upon implementation of the collection, water systems with 500 or more retail water service connections would be eligible for participation. No later than after the affordability program was implemented, the affordability program would apply to all water providers in the State.

Given the uncertainty and complexity of various funding factors at different business service center locations and implementation at various times to simplify the fiscal impact of the bills, the following analysis is based on a statewide allocation of the funding factor with an assumed uniform annual change. Based on the available data, the estimated amount collected in the Fund in the first 18 months (assuming a funding factor implementation of November 1, 2025) if all 2.5 million retail water meters were subject to two months of \$1.25 per month per retail water meter, 12 months of \$1.50 per month per retail water meter, and four months of \$2.00 per month per retail water meter \$71.2 million. If a water provider serves less than 6,000 water customers, they may opt out of the funding factor which could result in lower total collections, but the total reductions to a maximum collection are uncertain.

Under the bills' specifications, the Fund could be appropriated to the DHHS and local water providers. If at the commencement of a program, the Fund had reached the assumed \$71.2 million, the DHHS could spend, upon appropriation, 5% of the Fund or \$3.5 million for administrative costs associated with the Program and \$425,000 to the Department of Treasury. The remainder of that assumed initial balance, \$67.2 million, would be available for the following:

- Actual administrative costs of the water providers, which would be limited to 15% of the balance in the Fund which after 18 months could be estimated at \$10.1 million.
- Payment or advancement to providers for income-based bill discounts, income-based bill caps, or income-based rates.
- Arrearage payments.
- Water loss mitigation programs which would be capped at a total of \$15.0 million.

Estimates of revenue collections would be subject to the funding factor not being assessed on households that were participants in the Fund or retail water customers not remitting payment for the Program funding factor in their bills as water providers would not be liable for uncollected funding factor fees.

Assuming a 3% percentage increase in the United States Consumer Price Index for the immediately preceding calendar year the fastest period over which the funding factor fee could increase to the \$3 per month per retail water meter is estimated at the 2035 calendar year. If the funding factor fee reached the maximum \$3 per month per retail water meter and the water meter connections are assumed to remain at 2.5 million, the Fund could collect \$90.0 million annually.

Local Governments

For local fiscal impact, there would be no centralized data to assess the fiscal impact on each water system within the State so the fiscal impact on municipal water systems is uncertain.

Several different factors could affect the impact to local units of government. One of these would include whether the municipal water system would operate its own Program or participate in the Program established in the DHHS.

As an illustrative example of the status of the second largest municipal water system in the State, the City of Grand Rapids, Table 1 demonstrates a snapshot of fiscal data for a municipal water system.

City Fiscal Year	Average Monthly Billings	Average Monthly Delinquent Payment Balance	Average Monthly Number of Customers	Monthly Amount Collected based on \$2 funding factor fee
2019-20	\$5,313,000	\$1,935,000	81,063	\$1,945,500
2020-21	\$5,540,800	\$2,347,000	81,390	\$1,953,400
2021-22	\$6,119,800	\$2,126,300	81,690	\$1,960,500
2022-23	\$6,420,000	\$2,185,200	82,035	\$1,968,900

As this data is just for one municipal water system at a specific time, no broad fiscal impact statement can be made for all local units of government. "Program administrator" would mean the DHHS, the local water provider, or a third party organization. Depending on which entity was chosen as a program administrator, if the DHHS were chosen, there would be additional cost to the State.

The bill also would result in new costs for the DoT. Under the bill, the DoT would have to administer the Fund. While the general administration and investment of the Fund likely would not result in significant cost increases, the bills also specify that the Department would have to make adjustments to the funding factor if needed and create a mechanism by which customers or philanthropic entities could make a donation for deposit into the Fund. As a result of these obligations, the DoT could incur indeterminate costs related to administrative and information technology needs. As described above, the bill would allow, but not require, the DHHS to pay \$425,000 to the DoT from its allowed administrative costs.

The bill would have an indeterminate fiscal impact on the DHHS and no fiscal impact on local units of government. The bill would create the Low-Income Water Residential Affordability Program Task Force within the DHHS. The bill makes no mention of any reimbursement costs, so it is unclear if the DHHS would be responsible for providing task force members with reimbursement for necessary expenses incurred in the performance of their duties as task force members. For context, other similar commissions committees and task forces average less than \$50,000 in reimbursement costs annually.

The bill likely would have a minor fiscal impact on the DoT. Its additional responsibilities, including preparation of cost projections, could result in the need for one or more additional full-time equivalents (FTEs). The annual cost of an FTE is approximately \$137,500. The bill would allow, but not require, the DHHS to pay \$425,000 to the Department of Treasury from its allowed administrative costs.

Senate Bill 251 (S-2)

The bill would have an indeterminate fiscal impact on the DHHS to create the Office of Residential Water Affordability and to create a standardized low-income water provider report and to compile and publish the summary information required under the bill. There would be an uncertain level of costs to local units of government in order to complete required form with the information required under the bill.

Senate Bill 252

Local Governments

The bill would have an indeterminate fiscal impact for locally owned providers.

Under the bill, a provider could incur additional costs to comply with the described shut-off notification procedures; however, most providers already engage in similar notification practices. As a result, the fiscal impact on any given local provider would depend on its current practices as well as the number of customers who meet the delinquent account criteria described in the bill.

Although statewide and local actions prohibiting or delaying water shutoffs were enacted during the COVID-19 pandemic, there is insufficient data available to determine whether prohibiting water shut offs for critical care customers would have a significant negative fiscal impact on locally-owned providers overall over a more extended period. Costs and revenue effects would likely vary over time and among different providers depending on the number of customers served and their location. It is possible that the terms of the affordability program would result in revenue collection that would not have otherwise occurred due to the smaller payment amounts required of qualified customers. Conversely, delaying or preventing shut-offs could result in meaningful revenue loss to a provider should the payments made by customers fall below the cost of providing the service for an extended time. In addition, providers with a significant number of qualifying customers could experience additional administrative costs to monitor payments and ensure compliance with the procedures outlined in the bill. Providers could elect to increase rates to compensate for any new incurred losses if additional funding were not provided to offset these losses.

The bill would allow a provider to assess a restoration charge of not more than \$150 that could offset losses associated with water shutoff procedures.

The bill would have an indeterminate, and potentially minimal fiscal impact on State and local revenue and expenditure. State expenses incurred under the bill would likely be minimal and incorporated within the regular scope of duties for the programs affected by the bill. The bill would be unlikely to have any impact on State revenue. For local governments that operate retail water services, to the extent that the bill would prevent shutoffs that would otherwise occur, uncompensated expenses would increase by an unknown amount. Similarly, Notification requirements under the bill could increase local unit expenditures by an unknown amount. To the extent that customers would maintain service under the bill and the alternative payment arrangements were successful, the bill could increase revenue from retail water services over what would otherwise occur.

The bill could have a minor fiscal impact on local courts, particularly circuit courts, on account of an increase in complaints to enforce the proposed Act outlined in the bill language. Circuit court judges and administrators would likely need to identify and develop processes for handling such cases. Some confusion could be present as typically circuit courts handle civil

cases in which the amount in controversy exceeds \$25,000. Claims for money judgements of a lesser amount are handled in district, or small claims, courts.

The Attorney General could incur litigation costs, but only if it chose to enforce the act via civil litigation. It is not known under what circumstances the Attorney General would intervene, though it would seem more likely that the Attorney General would file civil actions against larger providers or landlords to address systemic violations, instead of single instance violations. Such costs are indeterminate. The bill would provide for attorney fees and costs for prevailing customers and lawful occupants; it does not indicate whether the Attorney General would be reimbursed for such costs when it prevailed in a civil action under the proposed Act.

Senate Bills 253 and 254

The bills would have no fiscal impact on courts or the AG.

Senate Bill 255

The bill could have a positive fiscal impact on local units of government. The bill would impose new civil fines of up to \$500. Revenue collected from civil fines is used to support local libraries and county law libraries. The amount of revenue for local libraries is indeterminate and dependent on the actual number of violations.

Senate Bill 256

The bill would have no fiscal impact on local government and an indeterminate fiscal impact on the State, in light of the Michigan Supreme Court's July 2015 opinion in *People v. Lockridge*, in which the Court ruled that the sentencing guidelines are advisory for all cases. This means that the addition to the guidelines under the bill would not be compulsory for the sentencing judge. As penalties for felony convictions vary, the fiscal impact of any given felony conviction depends on judicial decisions.

Date Completed: 11-7-25

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.