

# HOUSE BILL No. 5898

April 26, 2018, Introduced by Rep. Inman and referred to the Committee on Appropriations.

A bill to amend 1976 PA 399, entitled  
"Safe drinking water act,"  
by amending the title and sections 11a and 11d (MCL 325.1011a and  
325.1011d), the title as amended by 1998 PA 56 and sections 11a and  
11d as added by 1993 PA 165, and by adding section 11e.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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TITLE

An act to protect the public health **AND THE ENVIRONMENT**; to  
provide for supervision and control over public water supplies; **TO**  
**PROVIDE FOR THE PROTECTION OF WATER RESOURCES**; to prescribe the  
powers and duties of the department of environmental quality; to  
provide for the submission of plans and specifications for  
waterworks systems and the issuance of construction permits

1 therefor; to provide for capacity assessments and source water  
 2 assessments of public water supplies; to provide for the  
 3 classification of public water supplies and the examination,  
 4 certification and regulation of persons operating those systems; to  
 5 provide for continuous, adequate operation of privately owned,  
 6 public water supplies; to authorize the promulgation of rules to  
 7 carry out the intent of the act; to create ~~the water supply~~ **A** fund  
 8 ~~; to~~ **AND** provide for ~~the~~ **ITS** administration; ~~of the water supply~~  
 9 ~~fund;~~ **TO PROVIDE FUNDING FOR CERTAIN WATERWORKS SYSTEMS, SEWER**  
 10 **SYSTEMS, AND STORMWATER MANAGEMENT SYSTEMS;** and to provide  
 11 penalties.

12       Sec. 11a. (1) ~~The~~ **UNTIL MARCH 1, 2021, THE** department shall  
 13 impose an annual fee on each community supply provider in  
 14 accordance with the following fee schedule:

15	Number of Residents Served	Annual Fee
16		
17	More than 500,000	\$ 83,800.00
18	100,001 - 500,000	\$ 17,400.00
19	50,001 - 100,000	\$ 11,000.00
20	25,001 - 50,000	\$ 6,500.00
21	10,001 - 25,000	\$ 3,500.00
22	5,001 - 10,000	\$ 1,900.00
23	1,001 - 5,000	\$ 800.00
24	401 - 1,000	\$ 500.00
25	101 - 400	\$ 400.00
26	25 - 100	\$ 250.00

27       (2) The annual fee ~~in this section~~ **PROVIDED IN SUBSECTION (1)**

1 shall be adjusted on October 1 each year following ~~the effective~~  
2 ~~date of this section~~ **SEPTEMBER 16, 1993**, by applying a percentage  
3 adjustment using the Detroit ~~consumer price index~~. **CONSUMER PRICE**  
4 **INDEX**. The fee may also be adjusted as the result of increased  
5 federal funding or a reduction in actual costs, as determined by  
6 the department.

7 (3) Each community supply provider shall pay the annual fee  
8 **UNDER SUBSECTION (1), AS ADJUSTED PURSUANT TO SUBSECTION (2)**, by  
9 November 30 each year. Failure to submit timely payment will result  
10 in assessment of a penalty of 9% per annum until the fee and  
11 ~~assessment~~ **PENALTY** are paid in full. The department of treasury  
12 shall collect each penalty.

13 (4) **BY JANUARY 1, 2020 AND EACH SUBSEQUENT JANUARY 1, EACH**  
14 **COMMUNITY SUPPLY PROVIDER THAT SERVES 1,000 OR MORE RESIDENTS SHALL**  
15 **PROVIDE TO THE DEPARTMENT AND TO THE WATER ASSET MANAGEMENT COUNCIL**  
16 **AN INVENTORY OF THE NUMBER OF ACCOUNTS ASSOCIATED WITH EACH METER**  
17 **SIZE, FOR BOTH RESIDENTIAL AND NONRESIDENTIAL ACCOUNTS.**

18 (5) **BY JANUARY 1, 2021, THE WATER ASSET MANAGEMENT COUNCIL**  
19 **SHALL RECOMMEND TO THE DEPARTMENT A FEE SCHEDULE FOR METER SIZES**  
20 **FOR BOTH RESIDENTIAL AND NONRESIDENTIAL ACCOUNTS, BASED ON THE**  
21 **INVENTORY OF DATA RECEIVED FROM EACH COMMUNITY SUPPLY PROVIDER THAT**  
22 **SERVES 1,000 OR MORE RESIDENTS, TO GENERATE NOT MORE THAN**  
23 **\$110,000,000.00 ANNUALLY. HOWEVER, THE FEE SCHEDULE SHALL NOT**  
24 **ASSESS COMMUNITY SUPPLY PROVIDERS MORE THAN \$20.00 PER RESIDENTIAL**  
25 **ACCOUNT PER YEAR OR MORE THAN \$400.00 PER NONRESIDENTIAL ACCOUNT**  
26 **PER YEAR. THE DEPARTMENT SHALL, BY RULE, INSTITUTE A NEW FEE**  
27 **SCHEDULE FOR THE TIME PERIOD MARCH 1, 2021 THROUGH MARCH 1, 2041**

1 BASED ON THE RECOMMENDATIONS FROM THE WATER ASSET MANAGEMENT  
2 COUNCIL AND PUBLISH THIS FEE SCHEDULE ON THEIR WEBSITE.

3 (6) A COMMUNITY SUPPLY PROVIDER SHALL NOT PASS ON TO A  
4 RESIDENTIAL CUSTOMER AN AMOUNT THAT IS HIGHER THAN THE PER-  
5 RESIDENTIAL-CUSTOMER FEE PROVIDED FOR IN THIS SECTION. IF A  
6 COMMUNITY SUPPLY PROVIDER ADMINISTERS AN AFFORDABILITY PROGRAM FOR  
7 ITS RESIDENTIAL CUSTOMERS THAT REDUCES CHARGES TO RESIDENTIAL  
8 CUSTOMERS IN THE PROGRAM, THE COMMUNITY SUPPLY PROVIDER SHALL  
9 CONSIDER THAT PROGRAM WHEN PASSING ON THE PER-RESIDENTIAL-CUSTOMER  
10 FEE. UPON REQUEST, A COMMUNITY SUPPLY PROVIDER SHALL PROVIDE TO THE  
11 DEPARTMENT INFORMATION REGARDING THE COMMUNITY SUPPLY'S  
12 AFFORDABILITY PROGRAM.

13 (7) FEES AND PENALTIES COLLECTED UNDER THIS SECTION SHALL BE  
14 FORWARDED TO THE STATE TREASURER FOR DEPOSIT INTO THE WATER  
15 INFRASTRUCTURE FUND CREATED IN SECTION 11D.

16 (8) AS USED IN THIS SECTION:

17 (A) "METER SIZE" MEANS AN INSTRUMENT USED BY A PUBLIC WATER  
18 SUPPLY TO MEASURE VOLUME OF WATER.

19 (B) "RESIDENTIAL ACCOUNT" MEANS AN INDIVIDUAL ACCOUNT SERVING  
20 SINGLE FAMILY OR MULTIFAMILY CUSTOMERS.

21 Sec. 11d. (1) The water ~~supply~~-**INFRASTRUCTURE** fund is created  
22 in the state treasury and shall be administered by the department.  
23 The **WATER INFRASTRUCTURE** fund ~~is capitalized by~~ **SHALL RECEIVE**  
24 revenues collected pursuant to sections 11a, 11b, and 11c. The  
25 **WATER INFRASTRUCTURE** fund shall additionally receive money as  
26 otherwise provided by law, and shall receive any gift or  
27 contribution to the **WATER INFRASTRUCTURE** fund.

1           (2) The state treasurer shall retain money in the **WATER**  
2 **INFRASTRUCTURE** fund at the close of the fiscal year, and shall not  
3 return that money to the general fund.

4           (3) The department shall expend 75% of money in the **WATER**  
5 **INFRASTRUCTURE** fund at the close of the fiscal year to offset, on a  
6 pro rata basis, each fee described in sections 11a, 11b, and 11c  
7 for the following year.

8           (4) ~~The~~ **SUBJECT TO SUBSECTION (5), THE** department shall expend  
9 money in the water ~~supply~~ **INFRASTRUCTURE** fund only to implement  
10 this act and the administrative rules promulgated under this act,  
11 **AND THE FOLLOWING DEPARTMENTAL PROGRAMS: -**

12           **(A) EIGHTEEN PERCENT OF THE CURRENT FISCAL YEAR REVENUE SHALL**  
13 **BE USED FOR ASSET MANAGEMENT, AS DEFINED IN SECTION 5001 OF THE**  
14 **NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451,**  
15 **MCL 324.5001.**

16           **(B) NINE PERCENT OF THE CURRENT FISCAL YEAR REVENUE SHALL BE**  
17 **USED FOR INFRASTRUCTURE FAILURES THAT THREATEN PUBLIC HEALTH AND**  
18 **THE ENVIRONMENT.**

19           **(C) SIXTY-FOUR PERCENT OF THE CURRENT FISCAL YEAR REVENUE**  
20 **SHALL BE USED FOR INFRASTRUCTURE GRANTS AND LOANS TO POLITICAL**  
21 **SUBDIVISIONS FOR LEAD SERVICE LINE REPLACEMENTS AND WATER, SEWER,**  
22 **AND STORMWATER CAPITAL PROJECTS.**

23           **(D) NINE PERCENT OF THE CURRENT FISCAL YEAR REVENUE SHALL BE**  
24 **USED FOR THE WATER ASSISTANCE PROGRAM CREATED IN SECTION 11E.**

25           **(5) THE DEPARTMENT SHALL EXPEND AT LEAST 80% OF THE MONEY**  
26 **APPROPRIATED FROM THE WATER INFRASTRUCTURE FUND WITHIN THE REGION**  
27 **FROM WHERE IT WAS REMITTED.**

1           SEC. 11E. (1) THE DEPARTMENT OF TREASURY SHALL ESTABLISH A  
2 WATER ASSISTANCE GRANT PROGRAM TO PROVIDE FUNDING FOR COMMUNITY  
3 SUPPLY PROVIDERS TO CREATE OR ENHANCE A PROGRAM THAT PROVIDES  
4 ASSISTANCE TO LOW-INCOME HOUSEHOLDS IN PAYING FOR THE WATER  
5 EXPENSES OF THEIR PRIMARY RESIDENCE.

6           (2) A COMMUNITY SUPPLY PROVIDER THAT WISHES TO RECEIVE FUNDING  
7 TO SUPPORT ITS WATER ASSISTANCE PROGRAM SHALL SUBMIT AN APPLICATION  
8 TO THE DEPARTMENT OF TREASURY CONTAINING THE INFORMATION REQUIRED  
9 BY THE DEPARTMENT OF TREASURY. THE DEPARTMENT OF TREASURY MAY  
10 APPROVE A COMMUNITY SUPPLY PROVIDER'S WATER ASSISTANCE GRANT  
11 PROGRAM IF THE PROGRAM INCLUDES AT LEAST THE FOLLOWING COMPONENTS:

12           (A) A PROCESS FOR DISTRIBUTING WATER ASSISTANCE TO ELIGIBLE  
13 LOW-INCOME HOUSEHOLDS.

14           (B) THE PROVISION OF SERVICES THAT WILL ENABLE PARTICIPANTS TO  
15 BECOME OR MOVE TOWARD BECOMING SELF-SUFFICIENT, INCLUDING ASSISTING  
16 PARTICIPANTS IN DOING ALL OF THE FOLLOWING:

17           (i) PAYING THEIR WATER BILLS ON TIME.

18           (ii) BUDGETING FOR AND CONTRIBUTING TO THEIR ABILITY TO  
19 PROVIDE WATER EXPENSES.

20           (iii) UTILIZING ENERGY SERVICES TO OPTIMIZE WATER EFFICIENCY.

21           (3) AS USED IN THIS SECTION:

22           (A) "ELIGIBLE LOW-INCOME HOUSEHOLD" MEANS A HOUSEHOLD WITH A  
23 HOUSEHOLD INCOME OF NOT MORE THAN 150% OF THE FEDERAL POVERTY  
24 GUIDELINES.

25           (B) "FEDERAL POVERTY GUIDELINES" MEANS THE POVERTY GUIDELINES  
26 PUBLISHED ANNUALLY IN THE FEDERAL REGISTER BY THE UNITED STATES  
27 DEPARTMENT OF HEALTH AND HUMAN SERVICES UNDER ITS AUTHORITY TO

1 REVISE THE POVERTY LINE UNDER 42 USC 9902.

2 (C) "WATER ASSISTANCE" MEANS ASSISTANCE TO LOW-INCOME  
3 HOUSEHOLDS IN MEETING THEIR RESIDENTIAL WATER COSTS FOR THEIR  
4 PRIMARY RESIDENCE THROUGH PAYMENT OR PARTIAL PAYMENT OF BILLS.

5 Enacting section 1. This amendatory act takes effect 90 days  
6 after the date it is enacted into law.

7 Enacting section 2. This amendatory act does not take effect  
8 unless House Bill No. 5406 of the 99th Legislature is enacted into  
9 law.