

Legislative Analysis



DIRECT PAYMENTS FROM DHS TO ENERGY PROVIDERS

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Senate Bill 555

Sponsor: Sen. Randy Richardville

House Committee: Energy and Technology

Senate Committee: Energy Policy and Public Utilities

Complete to 10-19-09

A SUMMARY OF SENATE BILL 555 AS PASSED BY THE SENATE 10-07-09

The bill would add a new Section 7a to the Michigan Low Income Heating Assistance and Shut-off Protection Act to require the Department of Human Services (DHS) to operate an electronic payment process with participating energy providers no later than April 1, 2010 (or at a time considered possible by the department) to pay the energy bills of low-income customers subject to shutoff. If considered appropriate by DHS, it would enter into an agreement with an energy provider in which the provider agreed to permit the department to make direct payments to it on behalf of eligible recipients. The agreement would authorize the energy provider to provide customer information to DHS. DHS would determine eligible recipients, program requirements, benefit levels, and funding levels. The term "energy provider" is not defined in the bill but presumably would include electric and natural gas companies whether or not regulated by the Public Service Commission.

[The Senate-passed version of Senate Bill 555 is identical to the House-passed version of House Bill 4650, sponsored by Rep. Dudley Spade.]

Proposed MCL 400.1207a

FISCAL IMPACT:

The Department of Human Services could see an increase in administrative costs, specifically associated with information technology changes to facilitate the automatic payments to energy providers. The administrative costs and the payments to the energy providers would be funded with federal Low Income Home Energy Assistance Program (LIHEAP) funding, so there would be no state GF/GP costs associated with this program. The State has seen a significant increase in the federal LIHEAP allocation since FY 2006-07. In FY 2006-07 the State was allocated \$112.5 million and in FY 2008-09 the State was allocated \$248.1 million. The state allocation for FY 2009-10 is still unknown but both the House as passed and the Senate Appropriations Committee recommendation is for the LIHEAP grant to stay at the FY 2008-09 levels.

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