Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 880 (as introduced 5-22-24)
Sponsor: Senator Sam Singh
Committee: Energy and Environment

Date Completed: 6-5-24

CONTENT

The bill would amend Public Act 3 of 1939, the Public Service Commission law, to do the following:

-- **Allow the Michigan Public Service Commission (MPSC) to increase the Low-income Energy Assistance Fund's funding factor from a maximum of $1 to $2.**
-- **Delete a provision allowing an electric utility to opt-out of collecting a low-income energy assistance funding factor.**

Section 9t of the Act creates the Low-income Energy Assistance Fund within the State Treasury to provide energy assistance for low-income households. The Department of Health and Human Services, in consultation with the MPSC, must ensure that all money collected for the Fund from a geographic area is returned, to the extent possible, to that geographic area.

Under the Act, the MPSC may, after an opportunity to comment, annually approve a low-income energy assistance funding factor no later than July 31 of each year for the subsequent fiscal year. The low-income energy assistance funding factor must be the same across all customer classes and cannot exceed $1. The amount used by the MPSC to calculate a low-income energy assistance funding factor during each fiscal year may not exceed $50.0 million minus the amount appropriated from the General Fund in that fiscal year for home energy assistance and the amount remaining in the Low-income Energy Assistance Fund from the prior fiscal year. An electric utility, municipally owned electric utility, or cooperative electric utility that collects money under the Act must remit that money to the State Treasurer for deposit in the Fund on a monthly basis within 30 days after the last day in each calendar month. The electric utility, municipally owned electric utility, or cooperative electric utility must list the low-income energy assistance funding factor as a separate line item on each customer's bill.

Under the bill, before the bill's effective date, the low-income energy assistance funding factor could not exceed $1. Beginning on the bill's effective date, the MPSC could not increase the low-income energy assistance funding factor by more than $0.25 each year and the low-income energy assistance funding factor could not exceed $2. The bill also would delete the cap on the amount used by the MPSC to calculate the funding factor.

Under the Act, an electric utility, municipally owned electric utility, or cooperative electric utility may elect to not collect a low-income energy assistance funding factor by annually filing a notice with the MPSC by July 1. Notwithstanding any other provision of the Act, an electric utility, municipally owned electric utility, or cooperative electric utility that elects to not collect a low-income energy assistance funding factor may not shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account. The bill would delete these provisions.

MCL 460.9t Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would likely have a negative fiscal impact on State government and no fiscal impact on local government. The amount of revenue received by the Fund likely would be higher under the bill, though the exact amount would depend on the low-income assistance funding factor determined by MPSC each year. The bill also would delete the cap on the Fund, allowing the Fund to grow beyond $50.0 million and all this money would be spent on energy assistance. This increase could result in an added cost for additional staff to administer the program.

Fiscal Analyst: Nathan Leaman

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