Get to know the Michigan Water Trust Fund Act.

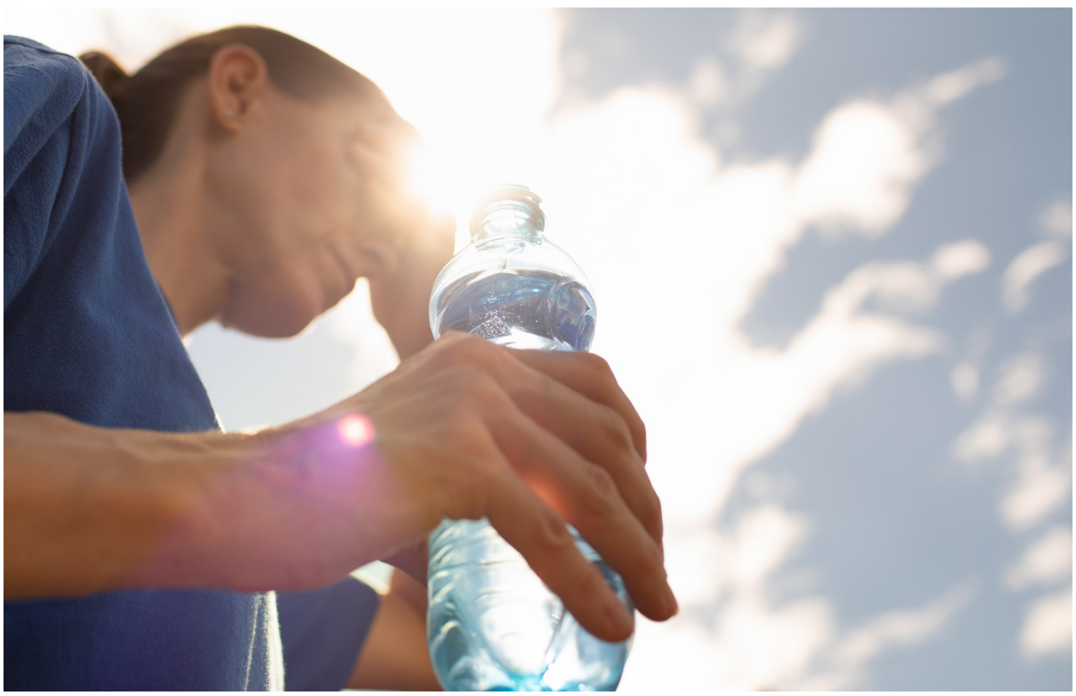
Michigan's water infrastructure and affordability needs are critical and underfunded. Too many Michiganders struggle to pay their water bills, while rural and urban communities alike struggle with aging systems and contamination. That's why a **coalition of water advocates has developed the Michigan Water Trust Fund Act to protect water quality, advance water equity,** and ensure that the waters of the State remain a **public resource.**

The proposed legislation:

- Establishes a trust fund, modeled on the successful Michigan Natural Resources Trust Fund, to support Michigan's critical water needs.
- Collects revenue through a $0.25 per gallon royalty paid by bottled water companies — legally distinct from a "tax" or "special assessment" under Michigan law.
- Generates approximately $300 million annually to invest in water infrastructure, equity, and affordability, **without raising taxes or water rates.**
- Ensures that the waters of the Great Lakes and their tributary rivers and streams remain in the public domain and are protected against privatization and financialization.
- Affirms the Public Trust Doctrine as the framework for the protection and management of public waters.

A survey by Lake Research Partners shows **strong bipartisan support for the royalty fee,** with 85% of Democrats, 64% of Independents, and 62% of Republicans in favor. The proposed legislation affirms public rights in our waters by prohibiting the sale of water, except for bottled water authorized by a royalty and licensing system.

The legislation affirms the Public Trust Doctrine — the historic jurisprudential principle that holds that the waters of Michigan are a public trust, that our citizens are the beneficiaries of that public trust, and that the government must act as a fiduciary in ensuring that public trust waters are protected from impairment and appropriation.



The legislation defines "waters of the state" broadly to include "groundwater, lakes, rivers, and streams and all other watercourses and waters, including the Great Lakes, within the territorial boundaries of the state."

This inclusive definition serves as an implicit recognition that all waters are part of the hydrologic cycle.

$300M

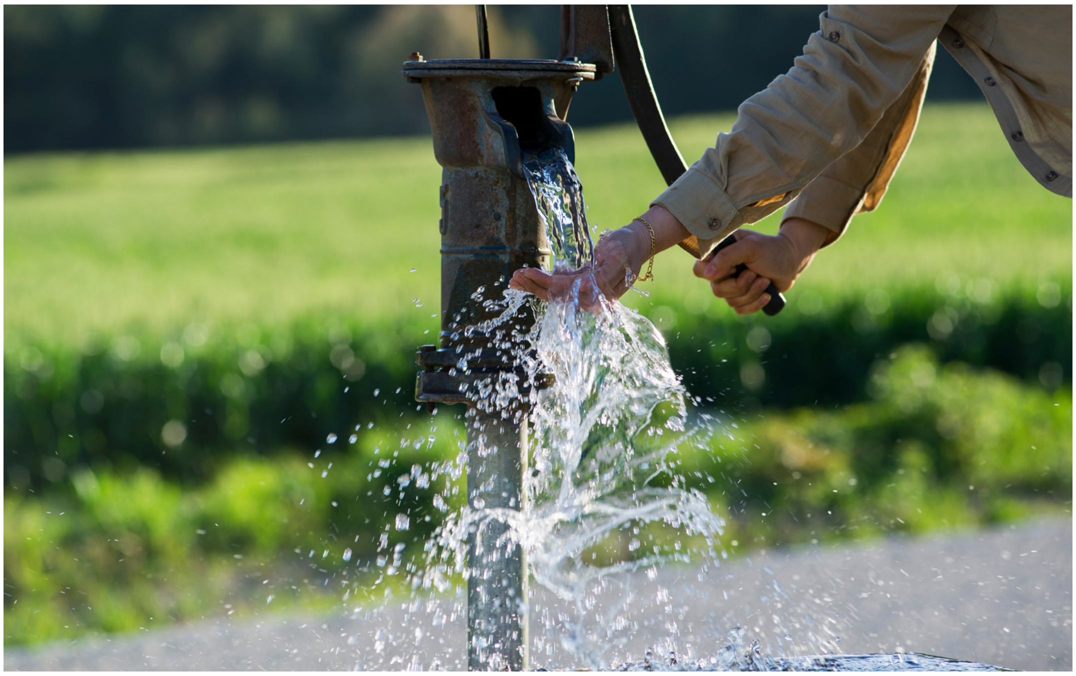
would be generated from the royalty annually.

90%

of area residents prioritize the health of the Great Lakes.

40M

people in the Great Lakes Basin depend on Great Lakes waters.



A tried-and-true model.

In the 20th century, Michigan led the nation in conservation with the **establishment of the Natural Resources Trust Fund,** which has directed more than $1 billion in royalty revenues from the sale and lease of state-owned minerals (primarily oil and gas) to acquire public parks and recreational land. The fund has supported over 2,900 public recreation projects across the state, and there is now an NRTF-supported project in all 83 counties. The NRTF board works with local governments and state agencies to fund projects that align with state and regional priorities, such as conservation, access, and quality of life.

The proposed Michigan Water Trust Fund is modeled on the Natural Resources Trust Fund, and is predicated on the well-established precedent of governments requiring licenses and royalty payments to use our public natural resources. Like the NRTF, the Water Trust Fund would be governed by a nonpartisan public board and managed by the State Treasury.

FAQs about the Michigan Water Trust Fund Act.

1. **What does the Michigan Water Trust Fund Act (MWTFA) do?**
   The waters of the state are held in trust by the state of Michigan, for the public good. But private corporations currently extract and sell public water at great profit, without any tangible benefits accruing to Michigan citizens. Public rights to water resources are further threatened by hedge funds that are moving to acquire water rights and own water bottling companies, in anticipation of water scarcity issues.

   The Michigan Water Trust Fund Act:
   - Prevents the commodification of water and reaffirms public rights and the state's sovereign interest in water by imposing a royalty on bottled public water, to be paid by water bottling companies – legally distinct from a "tax" or "special assessment."
   - Raises approximately $300 million annually through royalty payments.
   - Establishes a dedicated fund to support community investment in water infrastructure to ensure safe, affordable, clean drinking water to residents and protect public health.

2. **How does a "royalty" differ from a tax or a special assessment?**
   A "royalty" is a payment made to the sovereign (or government) for the privilege of using a public trust resource. A "tax" is a levy imposed by a governmental unit on the general public, with the revenue expended for governmental purposes and the benefit of all citizens. A "special assessment" is a charge against property for a public improvement that confers a special benefit to that property, different from that enjoyed by the general public. A royalty underscores public rights in water and distinguishes bottled water licensure as a unique category of public authorization.

3. **How much would the royalty generate for the Michigan Water Trust Fund?**
   Based on a 2020 analysis by Michigan State University, a recommended per-gallon royalty of $0.25 on the estimated 997.6 million gallons bottled in 2018 would be expected to generate $249.4 million. Sales volume in the U.S. has increased by 14.8 percent since 2018; the corresponding increase would yield approximately $287 million in 2023.

4. **How would a $0.25 per gallon royalty impact the market?**
   According to *Forbes*, depending on the brand, retail prices range from around $1.00 to as much as $11.00 per gallon, and consumers pay between 400 times and 4,400 times more for bottled water than tap water. A $0.25 per gallon royalty would equate to $0.03 per 16 oz bottle — an amount that would not affect consumer demand or meaningfully reduce company profits. [1]

5. **What is the purpose, structure, and governance of the proposed fund?**
   Michigan's infrastructure needs remain in the national spotlight, creating an opportunity to build bipartisan support for revenue enhancement that is not dependent on raising taxes. The Michigan Section of the American Society of Civil Engineers 2023 Report Card for Michigan's Infrastructure gives Michigan's drinking water infrastructure a "C-". [2] The Fund would be governed by a nonpartisan public board and managed by the State Treasury. The board would send its recommendations for water projects and initiatives to the state legislature for approval.

1. Myler, Larry. "How Differentiation Strategies Can Get You to Pay 4,400 Times More for a Commodity." Forbes, *Forbes Magazine*, 23 Nov. 2016, www.forbes.com/sites/larrymyler/2016/11/23/how-differentiation-strategies-can-get-you-to-pay-4400-times-more-for-a-commodity/. **2.**"Michigan Infrastructure Report Card: ASCE." ASCE's 2025 Infrastructure Report Card, 11 Mar. 2025, infrastructurereportcard.org/state-item/michigan/.

6. **What types of improvements would the Water Trust Fund support?**
As proposed, the Act's royalty and licensing system would establish the Michigan Water Trust Fund and support:

- Municipal drinking water infrastructure needs and infrastructure maintenance
- Ensuring residents do not have to pay for bottled drinking water to meet their domestic water needs during water emergencies
- Affordability plans and initiatives, including tiered or reverse-tiered pricing modeled on successful programs in other municipalities
- Lead pipe replacement
- Water infrastructure projects that improve water quality, provide access to safe and affordable water, and help prepare for flood resilience
- Remediation of chemical contamination of water systems and water sources (e.g., PFAs, etc.)
- New resources to address substandard and failing household septic systems and to provide water testing for private wells
- Hydrogeological studies and remediation of contaminated groundwater

7. **How is using water for bottled water different from using it to produce soda, beer, or any other product?**
Bottled water is a product with minimal added value other than packaging, while beverages like sodas, juices, beer, or soups have a more complex product structure. These beverages create more value-added products through processing, flavoring, and packaging.

8. If a bottled water company were to add a drop of flavoring to its bottled water products, would the products be exempt from the royalty?

If the drop were intentionally added to avoid the royalty, it should be subject to the royalty. Administrative rules can be promulgated to address this and similar issues.

9. **Will carbonated water be subject to the royalty?**
   No, because the manufacturer is incorporating something into the water.

10. **Why is the extraction of bottled water such a big deal, given that it uses a very small amount of the Great Lakes Basin's consumptive water use?**
    The issue is not solely the resource impact, but in the precedent-setting nature of selling water itself as a product. Furthermore, the FDA definition of spring water incentivizes bottled water companies to extract water from sensitive headwaters of springs and wetlands.

11. **Can the Act be used as model legislation for other Great Lake States (and other states)?**
    The bill is well drafted and should be promoted as model bottled water legislation, giving the Act a higher profile and potentially greater support. The bill is likely to generate strong regional interest and support from broad constituencies. Concerns over the commodification and privatization of water exist in every state. The New York legislature already introduced a bill based on the MWTFA. In December of 2024, Michigan House Representatives introduced important bills (HB 6273, 6274), also based on this model legislation.

12. **How will the public respond to the Michigan Water Trust Fund Act?**
    Polling conducted by Lake Research Partners indicates that 71 percent of Michiganders would favor a royalty on bottled water. Focus groups and surveys conducted by the International Joint Commission show overwhelming bipartisan support for protecting water quality and water quantity.[3] Public support for improved water infrastructure is also extremely strong. In New Zealand, a proposed bottled water per liter royalty was supported by 89 percent of its public.[4]

13. **How much water is bottled in Michigan annually?**
    An estimated 1.06 billion gallons of water are bottled annually in Michigan. There are currently well over 100 companies that have source water approvals for the production of bottled water in Michigan.

14. **Is the bottled water market growing?**
    Bottled water revenue in the U.S. was $94.07 billion in 2023. The bottled water market is expected to grow annually by 6.34% (CAGR 2023-2027). As such, the proposed $0.25 per gallon royalty is expected to generate a stable source of revenue to support Michigan's critical water needs.

In summary.

The Michigan Water Trust Fund Act is a forward-looking solution to the urgent challenges of water infrastructure, equity, affordability, and long-term environmental stewardship. By affirming the public's right to water and ensuring that companies that profit from its extraction contribute to its protection, the legislation reclaims water as a shared resource rather than a private commodity. It offers a practical, broadly supported funding mechanism to invest in aging infrastructure, protect vulnerable communities, and safeguard the Great Lakes for generations to come.

In doing so, Michigan has the opportunity to lead once again — this time by enshrining public trust protection of water at the heart of public policy.

3. International Joint Commission. 2024 Great Lakes Regional Poll; https://www.ijc.org/sites/default/files/WQB_Great-Lakes-Regional-Poll_Results-Summary_2024.pdf. **4.** Smith, I. (n.d.). Exporting Nature's Gift: An Analysis of Contemporary Water Law Issues in Aotearoa New Zealand; https://www.law.georgetown.edu/environmental-law-review/wp-content/uploads/sites/18/2020/01/GT-GELR190046.pdf.