

News Release



FOR IMMEDIATE RELEASE
August 12, 2026

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Court Says the City of Owosso's Water & Sewer Tap-in Fees are Unlawful Taxes Yet Another Local Government Fee Structure Ruled Unconstitutional

Lansing, MI - Today the Home Builders Association of Michigan (HBAM) announced that it has prevailed in an important lawsuit it filed against the City of Owosso. Late Friday, a Shiawassee County Circuit Court ruled that the city's exorbitant 2024 increase in water and sewer tap in fees violated Michigan's Constitution, as the fees collected went far beyond the city's cost of adding new users to their system.

In making the announcement, HBAM CEO Bob Filka praised the court's decision and encouraged local government leaders across the state to examine all their fee structures to ensure they are lawful and don't needlessly increase the cost of housing. "We've heard a number of local government officials in recent months complain to state legislators about stepping on local control when looking at housing policy reforms. Where is their outrage over unlawful local fees, like the ones assessed in Owosso? This case is the tip of the iceberg. Hundreds of communities across the state charge excessive fees for everything from plan reviews and fencing to maintenance permits and water and sewer hook-up fees like these. If we are serious about housing affordability in our state, local governments must examine how they are needlessly and unfairly inflating the cost of housing in their communities."

Filka noted that the City of Owosso went from water and sewer tap in fees that were usually less than \$3,000 per house to as much as \$12,000 per house under the city's new structure. "These increases went into effect just after several new housing developments were announced in the city and that's what grabbed our attention," Filka noted. HBAM filed Freedom of Information Act requests with the city and discovered no study or analysis was ever done to justify the increase. "Cities can't foist an unproportional share of their water and sewer system costs onto new users. In reality, such "fees" are hidden taxes and unlawful under Michigan law. The city contended that since their city council voted to increase these fees, it was done legally." But that, alone, Filka noted, does not make them lawful fees. He continued: "the question, which the court clearly addressed, is do their new tap in fees exceed the proportional share of system expenses new users should be expected to pay? That answer was a resounding yes and future homebuyers are the real winners in this case."

The Home Builders Association of Michigan is a professional trade association comprised of 15 local homebuilder associations around the state and their 5,000 builder, subcontractor, and supplier members. HBAM works to positively promote the building industry and impact legislative, regulatory and legal issues affecting housing attainability.

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