HOUSE BILL REPORT
HB 1368

As Reported by House Committee On:
Environment & Energy
Appropriations

Title: An act relating to requiring and funding the purchase of zero emission school buses.

Brief Description: Requiring and funding the purchase of zero emission school buses.

Sponsors: Representatives Senn, Fey, Berry, Doglio, Peterson, Chapman, Fosse, Slatter, Gregerson, Callan, Lekanoff, Ramel, Stonier, Street, Santos, Fitzgibbon, Berg, Reed, Simmons, Bergquist, Goodman, Pollet, Cortes, Macri and Leavitt.

Brief History:
Committee Activity:
Environment & Energy: 2/7/23, 2/14/23 [DPS].
Appropriations: 1/11/24, 1/29/24 [DP2S(w/o sub ENVI)].

Brief Summary of Second Substitute Bill

- Requires the Department of Ecology to administer the zero-emission school bus grant program, and prioritize grants to overburdened communities and school districts with buses manufactured prior to 2007.
- Requires 75 percent of school buses used in pupil transportation contracts to be zero emission by September 1, 2030.
- Amends school bus purchasing and contracting protocols of the Office of the Superintendent of Public Instruction (OSPI) and school districts.
- Requires the OSPI to survey school districts about the adoption of zero-emission school buses.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Signed by 9 members: Representatives Doglio, Chair; Mena, Vice Chair; Berry, Duerr, Fey, Lekanoff, Ramel, Slatter and Street.

Minority Report: Do not pass. Signed by 4 members: Representatives Dye, Ranking Minority Member; Abbarno, Couture and Goehner.

Minority Report: Without recommendation. Signed by 2 members: Representatives Ybarra, Assistant Ranking Minority Member; Barnard.

Staff: Jacob Lipson (786-7196).

Background:

Student Transportation.
School buses are used to transport students to and from school or in connection with designated school activities. School district boards of directors are responsible for the operation of student transportation programs. School districts may use school buses and drivers hired by the district or commercial chartered bus services for the transportation of school children and employees necessary for their supervision.

School districts are responsible for selecting, paying for, and maintaining student transportation vehicles purchased by the district. Regarding school bus purchases, the Office of the Superintendent of Public Instruction (OPSI) is responsible for developing categories and competitive specifications for school bus acquisitions as well as a corresponding list of school bus dealers with the lowest purchase price quotes. School districts and educational service districts that purchase buses through this competitive quote process or through a separate lowest-price competitive bid process are eligible for certain state funds that are based on the category of vehicle, the anticipated lifetime of vehicles of this category, and a state reimbursement rate. The accumulated value of the state payments received by the district and the potential investment return is designed to be equal to the replacement cost of the vehicle, less its salvage value, at the end of its anticipated lifetime.

Legislation adopted in 2007 directed the OPSI to implement a school bus replacement incentive program for qualifying new buses purchased by a school district on or before June 30, 2009.

Department of Ecology Zero Emission Vehicle Rules and Grant Programs.
Under the federal Clean Air Act (federal CAA), most states, including Washington, are restricted from enacting their own emissions standards for new motor vehicles, which is an authority generally reserved to the federal government. California is the only state allowed under the federal CAA to adopt state standards for vehicle emissions. California's vehicle emissions standards must be at least as protective of public health as federal standards and must be approved by the United States Environmental Protection Agency (EPA). Other states may adopt vehicle emissions standards that are identical to California's vehicle emissions standards for specific vehicle model years. The motor vehicle emissions

standards established by California contain two program components: low-emission vehicle (LEV) requirements and zero-emission vehicle (ZEV) requirements.

The California ZEV program requires that a specified percentage of the vehicles delivered for sale in the state by manufacturers must be ZEVs. California's current ZEV standards for passenger cars and light-duty trucks require that 9.5 percent of vehicles produced by manufacturers and delivered for sale in California be ZEVs by 2020. This requirement increases to 22 percent for model year 2025, and then increases to 100 percent of vehicles beginning in 2035.

In 2020 the Legislature enacted a bill that requires the Department of Ecology (Ecology) to adopt all of California's motor vehicle emission standards, including the ZEV program. Ecology adopted initial rules to implement the ZEV program in 2021, and in December of 2022 updated its rules to increase the standard for ZEV sales of passenger cars, light-duty trucks, and medium-duty vehicles to 100 percent beginning in 2035, in accordance with a similar rule recently adopted in California.

As part of Ecology's clean diesel program, Ecology administers grant programs that have a goal of reducing diesel pollution emissions, including grants that have been used to purchase zero-emission school buses.

Summary of Substitute Bill:

Beginning September 1, 2030, 70 percent of school buses purchased by each school district, charter school, or state-tribal education compact school, or used for pupil transportation services contracts, must be zero-emission. The requirement to purchase zero-emission buses applies to all school buses purchased beginning September 1, 2033.

A school bus purchaser that determines that the purchase or contracting of a zero-emission school bus is not feasible with existing technology due to route constraints may request a one-time extension for up to five years from the 2030 or the 2033 requirements. Extension requests must be jointly evaluated by the Office of the Superintendent of Public Instruction (OSPI) and the Department of Ecology (Ecology).

A zero-emission school bus grant program is established to make grants to school districts, charter schools, and tribal education compact schools. Grants may be used to replace fossil fuel powered buses with zero-emission buses, and to purchase and install zero-emission bus refueling infrastructure. School district buses must be at the end of their depreciation schedule and deemed eligible for replacement under the general OPSI process for school bus replacement to be eligible for replacement under the grant program. Grant recipients must scrap or render permanently disabled a replaced fossil fuel powered school bus and engine within 90 days of a new bus being placed into operation.

Ecology must administer the grant program with a goal and objective of prioritizing grants that:

- reduce diesel pollution and greenhouse gases from Washington's oldest buses;
- reduce diesel pollution and greenhouse gases in disproportionately impacted communities and for economically disadvantaged children; and
- accelerate the transition of Washington's diesel school bus fleet to zero-emissions busses.

Ecology may use up to 10 percent of amounts appropriated for the grant program for administrative costs. Ecology must establish a framework for calculating grant amounts, award grants on a competitive basis, and require that grant recipients attest to their ability to refuel a bus prior to delivery. Assets for which grant funding is provided must be used solely in Washington or for the direct benefit of Washington students.

Once nonzero-emission school bus pricing is deemed no longer necessary by the OSPI to calculate depreciation payments for school buses, the school bus categories for which the OSPI calculates depreciation payments must only include zero-emission school buses.

Zero-emission school bus purchasing requirements are in addition to Ecology's zero-emission vehicle rules, and the zero-emission school bus purchasing requirements do not modify the provisions governing Ecology's adoption of California's motor vehicle emission standards.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Diesel exhaust is a carcinogen, and students riding school buses are particularly at risk of diesel exposure. Diesel particles are small and penetrate deeply into the lungs, and increase risks of asthma and lung cancer. Asthma prevalence is an issue of racial equity. Zero-emission school buses emit no carcinogens or greenhouse gases, and are an environmentally superior alternative. While electric school buses are currently more expensive than diesel buses, zero-emission vehicle technology is improving and expected to be cost competitive within a decade. The grant program established by this bill would help school districts make up the price differential between electric buses and diesel buses until price parity is achieved. The 2035 phase-out of diesel school buses should be expedited, and other states have set more ambitious targets than what is contemplated in this bill. The bill supports both electric and hydrogen bus technology, but needs to be amended to also

support hydrogen refueling infrastructure in a manner similar to electric bus charging infrastructure.

(Opposed) None.

(Other) The Department of Ecology (Ecology) supports the goals of transitioning to zero-emission buses, but has concerns with the language in the bill as introduced. Ecology should administer the grant program for zero-emission buses, rather than creating a new program at the Office of the Superintendent of Public Instruction that would duplicate Ecology's existing programs. Contractors that transport pupils should be eligible for grants, in addition to school districts. The grant program risks not being able to completely fund the costs of school districts associated with transitioning to a zero-emission fleet. The grant program should be a complete funding solution for school districts, rather than a competitive grant program. Electric buses are not appropriate for some school bus routes, and may face special storage and operational challenges.

Persons Testifying: (In support) Representative Tana Senn, prime sponsor; Devon Kellogg, Washington State Parent-Teacher Association; Leah Missik, Climate Solutions; Carrie Nyssen, American Lung Association; Dave Arbaugh, Renewable Hydrogen Alliance; Claire Richards, Washington Physicians for Social Responsibility; and Bella Tancreti.

(Other) Shivani Sama; Siri Bliesner; Zachary Miller and Amy Cast, Washington State School Directors' Association; Joel Creswell, Department of Ecology; and Carolyn Logue, Washington State Student Transportation Coalition.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Environment & Energy. Signed by 19 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Berg, Callan, Chopp, Davis, Fitzgibbon, Lekanoff, Pollet, Riccelli, Ryu, Senn, Simmons, Slatter, Springer, Stonier and Tharinger.

Minority Report: Do not pass. Signed by 9 members: Representatives Chambers, Assistant Ranking Minority Member; Connors, Assistant Ranking Minority Member; Couture, Assistant Ranking Minority Member; Chandler, Dye, Harris, Rude, Sandlin and Schmick.

Staff: James Mackison (786-7104).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Environment & Energy:

As compared to the substitute from the House Environment and Energy Committee, the House Appropriations Committee recommendation:

- removes sections establishing deadlines by which school bus purchases by public schools must be zero emission and related provisions;
- requires the Department of Ecology (Ecology) to administer the zero-emission grant program, within the clean diesel grant program, which:
    - defines eligible uses as planning and acquisition of zero-emission school bus vehicles and planning, design, and construction of associated infrastructure; scrapping old diesel school buses; and training related staff;
    - specifies that grants are to be in addition to state depreciation payments;
    - prioritizes grants in the following order: (1) bus routes serving overburdened communities highly impacted by air pollution with buses manufactured prior to 2007; (2) bus routes serving overburdened communities highly impacted by air pollution; (3) buses manufactured prior to 2007; and (4) remaining funds to applicants that have unsuccessfully applied for federal funding for zero-emission school buses;
    - requires no less than 90 percent of appropriated amounts be used for grants, with up to 3.5 percent for administration and up to 6.5 percent used for technical assistance to applicants; and
    - requires a report to the Governor and the Legislature on implementation status by June 1, 2025;
- changes the timeline for open procurement of contracted pupil transportation services from every 5 years to every 15 years;
- requires 75 percent of the buses used for pupil transportation contracts to be zero emission beginning September 1, 2030;
- requires the Office of the Superintendent of Public Instruction (OSPI) to use only zero-emission categories in the depreciation schedule for bus reimbursement once the total cost of ownership (TCO) of zero-emission buses are at or below the TCO of diesel buses, except as needed to reimburse buses purchased prior to prices being the same;
- requires OSPI rules to define formulas to calculate the TCO and publish preliminary guidance;
- requires the OSPI in consultation with Ecology to conduct a survey of school districts and public schools about zero-emission school bus uptake and total cost of ownership calculations; and
- revises the intent section.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This policy provides a gradual ramp up for the purchase of zero-emission buses. School districts cannot transition to zero emission without financial support. This will help support charging infrastructure in addition to bus purchases. This will benefit schools, students, and the environment. Diesel emissions from buses damage both the environment and student health. Other states are enacting similar requirements: for example, New York required the purchase of zero-emission buses by 2027 and the full fleet to be zero emission by 2035.

Contractors providing pupil transportation services are leading the transition to zero-emission buses. Large in-state contractors already maintain electric school buses purchased with federal grants as part of their fleet. There are technical considerations including the reliability of electric buses in cold weather. Contractors would like to work closely with members on the bill. At this stage of the transition public assistance is needed.

Electricians strongly support the bill and are ready and available to maintain a zero-emission bus fleet. This work will improve the health of students, including those compromised with conditions like asthma.

Many students support this bill. In addition to environmental concerns, exposure to diesel exhaust can lead to health issues for students, keeping them from meeting their full potential. Everyone needs to do their part, and government can set an example by requiring zero-emission school buses. The state should cover the costs of purchasing electric buses. This is an important step in fighting climate change and improving student health.

Motor vehicle pollution is the largest source of all carbon emissions. The market to support the transition to zero-emission buses exists and is continuing to grow. The demand for zero-emission vehicles is beyond the availability of state and federal grant funding. Incentives to transition as soon as possible are needed. This bill is important to our health and our future.

Lake Washington School District has 130 yellow buses. Though sustainability is a core value, bus depreciation payments and current federal and state grants are insufficient to cover the cost of the transition. This bill will provide needed support.

This is a health issue. Nearly all 12,000 buses in the state inventory run on diesel fuel. Research shows exhaust contains dangerous particulates that worsen air quality and lead to health problems, particularly respiratory issues. This will improve the health of students. Climate change is a national crisis and a risk to children's health. The future deadlines provide time for implementation and funding.

(Opposed) Climate change is not real. Batteries are toxic and expensive, and produced using child labor. Electric vehicles have a limited range. This transition can strain the

electric grid, causing brownouts. The deadlines are too soon.

Several school districts opposed the timelines in that bill. While electric bus technology is promising and districts support clean air, infrastructure is not ready to support this policy. There are challenges such as the range of batteries for rural schools and performance in cold weather. The infrastructure needed is not in place. The Student Transportation Allocation Reporting System (STARS) formula should be fixed before mandating zero-emission buses. Staff need the expertise to maintain the new vehicles. Delivery of zero-emission buses can take a long time. Propane and hybrid buses are also low-emission and should be added.

(Other) School districts support the goal and intent of the bill but have concerns about the implementation of the transition to zero-emission buses. The STARS operational formula needs to be fully funded before requiring purchases of zero-emission buses. The state depreciation schedule should also be updated. There will be additional costs for transitioning the entire fleet, including the need for new infrastructure. The deadline of 2027 is not reasonable and should be pushed back. Maintaining a heterogeneous fleet including both diesel and electric buses is challenging. School districts need to ensure the stability and availability of pupil transportation.

Persons Testifying: (In support) Representative Tana Senn, prime sponsor; Moa Valentin; Alexandra Perkins; Leah Missik, Climate Solutions; Nicole Grant, International Brotherhood of Electrical Workers Local 46; Greg Newman, First Student, Inc.; Jon Holmen, Lake Washington School District; Elizah DeMartini; Cassia Colombara; Sarah Lo; Brigid Bennett; Aliya Murphy; Devon Kellogg, Washington State Parent Teacher Association; Cynthia Stewart, League of Women Voters of Washington; Molly Spiller, Washington State Department of Ecology; and Wes Stewart, Sierra Club Washington.

(Opposed) Mary Long, Conservative Ladies of Washington; Nicole Daltoso, Evergreen Public School; Sharon Damoff; Travis Hanson, Mead School District; Paul Marquardt, Bethel Schools; Jim Kowalkowski, Rural Education Center; and Art Rodriguez, Yakima School District.

(Other) Mike Hoover, Washington State School Directors' Association; Kyle Hood, Tahoma School District; and Tyler Muench, Office of the Superintendent of Public Instruction.

Persons Signed In To Testify But Not Testifying: None.