Requires all state agencies and local government subdivisions of the state, to the extent determined practicable by rules adopted by the department of commerce, to satisfy the following for the percentage of their fuel use for operating publicly owned vessels, vehicles, and construction equipment from electricity or biofuel: (1) Fifty percent by June 1, 2020;

- (2) Seventy-five percent by June 1, 2023; and
- (3) One hundred percent by June 1, 2025.

Requires the state agencies and local governments to submit a report to the department of commerce documenting its progress in meeting the fuel use goals.

Requires school districts and educational service districts to be reimbursed for any additional costs to replace a diesel or gasoline bus with a bus powered by an alternative fuel, where the replacement contributes toward the district's compliance with certain goals.

Allows grant of funds from the multimodal а transportation account, the regional mobility grant program account, and the rural mobility grant program account to be made to a transit agency operating buses only when the agency has demonstrated substantial progress toward meeting the replacing gasoline and diesel vehicle with of alternative fuel vehicles.