

# SENATE BILL REPORT

## E2SHB 1368

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As of February 16, 2024

**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:** House Committee on Appropriations (originally sponsored by 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:** Passed House: 2/9/24, 58-39.

**Committee Activity:** Early Learning & K-12 Education: 2/19/24.

### Brief Summary of Bill

- Requires the Department of Ecology to administer the Zero-Emission School Bus Grant Program, and prioritize grants to routes serving communities highly impacted by air pollution and with buses manufactured prior to 2007.
- Requires new school buses acquired by school districts or used in pupil transportation contracts to be zero emission after the total cost of ownership is determined to be below the total cost of ownership of diesel buses, with exceptions.
- Amends school bus purchasing and contracting protocols of the Office of the Superintendent of Public Instruction (OSPI) and school districts.
- Requires OSPI to survey school districts about the adoption of zero-emission school buses.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

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*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.*

**Staff:** Alex Fairfortune (786-7416)

**Background:** School Bus Purchasing and Reimbursement. School districts are responsible for selecting, paying for, and maintaining student transportation vehicles purchased by the district. The Office of the Superintendent of Public Instruction (OSPI) 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 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.

In 2022, the Legislature passed SHB 1644, which expanded the allowable uses of money from a transportation vehicle fund to include:

- the purchase, installation, and repair of electric pupil transportation vehicle charging stations and other zero-emission fueling stations, and other costs necessary for their installation;
- completing feasibility plans to transition from gas or diesel pupil transportation vehicles to electric or zero-emission pupil transportation vehicles; and
- converting or repowering existing gas or diesel pupil transportation vehicles to electric or zero-emission pupil transportation vehicles.

Zero-Emission School Bus Grant Program. The Washington State Clean Diesel Program operates a Zero-Emission School Bus Grant Program that provides up to \$14 million in funding to scrap and replace diesel school buses with new zero-emission school buses, including charging or fueling infrastructure. School bus owners that transport students to K-12 public schools, including charter and tribal-compact schools, are eligible to apply. Funding levels are tiered based on an applicant district's Free or Reduced-Price Lunch (FRPL) percentage or Rural School District status. Applicants are also scored based on criteria related to the vehicle's age, whether the district is located in a highly impacted overburdened community, and the district's percentage of economically disadvantaged children.

**Summary of Bill:** Zero-Emission Vehicle School Bus Grants. The Department of Ecology (Ecology) must administer a Zero-Emission School Bus Grant Program within the Clean Diesel Grant Program for buses, infrastructure, and other related costs. Grants are provided to transition from fossil-fuel school buses to zero-emission vehicles (ZEV), which are defined as vehicles that produce zero exhaust emission of any air pollutant and any greenhouse gas other than water vapor.

Grants may be used for the following purposes:

- planning and acquisition of ZEV school buses;

- planning, design and construction of fueling and charging infrastructure, including infrastructure to allow the use of ZEV buses in cold weather and other challenging operational conditions;
- the scrapping of old diesel school buses; and
- training for drivers, mechanics, and facility operations personnel.

Grants are in addition to payments under the Office of the Superintendent of Public Instruction (OSPI) depreciation schedule, and may be combined with other sources of funding. Once the OSPI school bus depreciation schedule is adjusted to fund the cost of ZEV school bus purchases, Ecology must transition the grant program to focus solely on charging infrastructure grants. Ecology may retain up to 3.5 percent of funds for administering the grant program and 6.5 percent of funds for technical assistance to grant recipients.

Ecology must prioritize the following grant recipients, in descending order of priority:

- school bus routes using buses manufactured prior to 2007 serving overburdened communities highly impacted by air pollution identified by Ecology under the Climate Commitment Act;
- school bus routes serving overburdened communities highly impacted by air pollution identified by Ecology under the Climate Commitment Act;
- school bus routes using buses manufactured prior to 2007; and
- applicants that have demonstrated a previously unsuccessful application for federal funding prior to January 1, 2024.

Ecology, in consultation with OSPI, must submit a report to the Governor and Legislature updating on the status of the ZEV School Bus Grant Program by June 1, 2025. The report must include a summary of recommendations and implementation considerations for transitioning the grant program to the school bus depreciation schedule.

Zero-Emission Vehicle School Bus Acquisition. Ecology, in consultation with OSPI, must adopt rules to establish the formulas used to calculate the total cost of ownership for school buses. Prior to the adoption of these rules, OSPI must publish optional preliminary guidance that school districts may follow regarding total cost of ownership. Once total cost of ownership of ZEV buses is determined to be at or below the total cost of ownership of diesel school buses:

- OSPI's depreciation schedule must solely include ZEV school buses; and
- newly acquired school buses used for pupil transportation services contracts must be ZEV buses, however an extension may be requested if the average daily mileage of ZEV buses do not meet the district's mileage needs.

These requirements do not apply to diesel buses purchased by a school district prior to the determination that ZEV school bus total cost of ownership is at or below the cost of ownership of diesel school buses, or for use cases where needs, including the mileage needs of bus routes, are not capable of being met by the ZEV bus technical capabilities. The use of

externally-vented fuel-operated passenger heaters are authorized from November 15th to March 15th annually until other viable alternatives become available.

OSPI reimbursements to school districts must reflect the full cost of ZEV buses, excluding operating costs covered by OSPI or infrastructure eligible for Ecology grants. OSPI must solicit competitive price quotes for ZEV buses.

Zero-Emission Vehicle School Bus Survey. By November 15, 2024, OSPI, in consultation with Ecology, must carry out a survey of school districts, charter schools, and state-tribal education compact schools focused on the uptake and total cost of ownership of ZEV school buses. OSPI must submit a report to the Legislature summarizing its findings by December 1, 2024.

The survey must collect the following information from each school district and school:

- current ZEV charging, refueling capacity, and infrastructure;
- whether the district or school would anticipate applying for grant funds, if available, to support ZEV bus or infrastructure purchases in the next two or five years;
- for any district or school using a bus after the end of its applicable depreciation schedule, whether the bus was manufactured prior to 2007 and an explanation for its continued use;
- responses to preliminary guidance from OSPI for calculating the total cost of ownership and whether the district or school utilizes the preliminary guidance or uses a different calculation methodology; and
- any other survey information deemed helpful by Ecology or OSPI to facilitating the transition to ZEV.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 15, 2024.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.