

Multiple Agency Fiscal Note Summary

| | |
|-----------------------------|--|
| Bill Number: 1368 HB | Title: Zero emission school buses |
|-----------------------------|--|

Estimated Cash Receipts

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|--------------------------------------|--|-------------|-------|----------|-------------|-------|----------|-------------|-------|
| | GF-State | NGF-Outlook | Total | GF-State | NGF-Outlook | Total | GF-State | NGF-Outlook | Total |
| Superintendent of Public Instruction | Non-zero but indeterminate cost and/or savings. Please see discussion. | | | | | | | | |
| Total \$ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Agency Name | 2023-25 | | 2025-27 | | 2027-29 | |
|---------------------|------------------|-------|-----------|-------|-----------|-------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Local Gov. Courts | | | | | | |
| Loc School dist-SPI | No fiscal impact | | | | | |
| Local Gov. Other | | | | | | |
| Local Gov. Total | | | | | | |

Estimated Operating Expenditures

| Agency Name | 2023-25 | | | | 2025-27 | | | | 2027-29 | | | |
|--------------------------------------|--|----------|-------------|---------|---------|----------|-------------|---------|---------|----------|-------------|---------|
| | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total |
| Superintendent of Public Instruction | 1.7 | 549,000 | 549,000 | 549,000 | 1.4 | 414,000 | 414,000 | 414,000 | 1.4 | 414,000 | 414,000 | 414,000 |
| Superintendent of Public Instruction | In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note. | | | | | | | | | | | |
| Total \$ | 1.7 | 549,000 | 549,000 | 549,000 | 1.4 | 414,000 | 414,000 | 414,000 | 1.4 | 414,000 | 414,000 | 414,000 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|------------------|----------|-------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | | | | | | | | | |
| Loc School dist-SPI | No fiscal impact | | | | | | | | |
| Local Gov. Other | | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Expenditures

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|--------------------------------------|---------|-------|-------|---------|-------|-------|---------|-------|-------|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Superintendent of Public Instruction | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|------------------|----------|-------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | | | | | | | | | |
| Loc School dist-SPI | No fiscal impact | | | | | | | | |
| Local Gov. Other | | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Breakout

| | | |
|------------------------------------|---------------------------------|---|
| Prepared by: Val Terre, OFM | Phone: (360) 280-3973 | Date Published: Final 2/13/2023 |
|------------------------------------|---------------------------------|---|

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--|---|
| Bill Number: 1368 HB | Title: Zero emission school buses | Agency: 350-Superintendent of Public Instruction |
|-----------------------------|--|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 2.0 | 1.4 | 1.7 | 1.4 | 1.4 |
| Account | | | | | |
| General Fund-State 001-1 | 342,000 | 207,000 | 549,000 | 414,000 | 414,000 |
| Total \$ | 342,000 | 207,000 | 549,000 | 414,000 | 414,000 |

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

| | | |
|-----------------------------------|-----------------------|------------------|
| Legislative Contact: Jacob Lipson | Phone: 360-786-7196 | Date: 01/31/2023 |
| Agency Preparation: Daniel Jones | Phone: 3607256292 | Date: 02/11/2023 |
| Agency Approval: TJ Kelly | Phone: 360 725-6301 | Date: 02/11/2023 |
| OFM Review: Val Terre | Phone: (360) 280-3973 | Date: 02/13/2023 |

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 New

(1) The legislature is promoting the use of zero emission vehicles, including school buses, in order to protect the health of children from the effects of fossil fuel emissions and to limit the impact of climate change. The state has made significant progress in improving the performance and reducing the costs of these vehicles and expects this trend to continue with the recent deployment of financial incentives. Zero emission school buses offer many benefits including reduced fuel, operations, and maintenance costs, and significant public health benefits for children.

(2) The legislature intends to transition all school districts, charter schools, and state-tribal education compact schools to using only zero emission school buses and will facilitate this transition through the zero-emission school bus grant program

Section 2 New

(1) Beginning September 1, 2035, any school bus purchased by districts, charter schools, state-tribal education compact schools, or used for pupil transportation services contracts must be zero emission school buses.

(2) Defines "zero emission".

Section 3 New

(1) Establishes zero emission school bus grant program.

(2) Defines eligibility for grant program.

(2)(a) Only school districts, charter schools, and state-tribal education compact schools are eligible.

(2)(b) Zero emission buses, purchase and installation of charging stations, and associated infrastructure and equipment are eligible.

(2)(c) Fossil fuel powered buses must be at the end of their depreciation schedule and deemed eligible for replacement to be replaced by this program.

(2)(d) OSPI must establish a sufficiently equivalent standard to district bus replacement to determine eligibility for charter school and state-tribal education compact school buses.

(3) Defines application process.

(3)(a) OSPI shall develop a competitive grant application process and aid applicants.

(3)(b)(i)-(iii) The competitive application process must reflect a ranking system which prioritizes the greatest reduction in emissions, improvements in health equity to low-income and communities of color, and the oldest of applicant's fleets.

(4)(a) OSPI may use up to three percent of amounts appropriated for grant program for administration costs.

(4)(b) OSPI shall award competitive grants as laid out in the bill and promulgate administrative rules.

(4)(c) OSPI must require that applicants receiving a zero-emission school bus grant, as described in the language, meet one of the following conditions:

(4)(c)(i) Sufficient charging infrastructure in place to operate the replacement bus, or

(4)(c)(ii) The grantee has secured enough funding, inclusive of the grant described in this language, to purchase and install sufficient charging infrastructure to operate the replacement bus.

(4)(d) Districts must deposit grant awards into the transportation vehicle fund of the receiving school district.

(5) Limits grant funds to the total cost of a replacement bus less the total state depreciation payments, or any applicable, similar payments and less the salvage value of the replaced bus.

(6) Defines "zero emission".

Section 4 - RCW 28A.160.130 and 2022 c 200 s 1 are each amended.

(3) Any school buses purchased by school districts from the transportation vehicle fund must be zero emission.

Section 5 - RCW 28A.160.195 and 2005 c 492 s 1 are each amended.

(1) Once OSPI deems nonzero emission school bus pricing no longer necessary for calculating depreciation payments, school bus categories for the state of Washington must all meet the zero-emission definition from section 2.

- (2) Vendors must ensure that emission-related features meet the definition of zero emission in section 2.
- (5) School districts or ESDs may conduct their own competitive bid process so long as any school buses purchased by school districts from the transportation vehicle fund is zero emission.
- (6) OSPI shall annually publish and update information regarding federal grant opportunities pertinent to nonzero emission school bus replacement, such as the clean school bus program.

Section 6 RCW 28A.160.205 and 2007 c 348 s 101 are amended.

- (1) Removes language referencing the previous bus replacement incentive program from 2007-2008.
- (2) OSPI's funding for bus replacement incentives must only fund the purchase of zero emission buses as defined in section 2, except for remaining depreciation payments on fossil fuel buses.

Section 7 New

The requirements of this act are in addition to any rules adopted by the department of ecology, and nothing in this act modifies or limits those provisions as they apply to zero emission school buses.

Section 8 New

Section 2 of this act governs charter school operation and management.

Section 9 New

Section 2 of this act governs state-tribal education compact schools.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

No impact to cash receipts.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

-APS 2 Position-

The bill will require 1.0 FTE of an APS 2 position to administer section 3. Duties will include the following: grant program development, rule writing, grant set up, grant operation, stakeholder group, grant review team, communication, and training. This position will cost \$156,000 in FY24 and \$144,000 annually thereafter. This work also complies with requirements in section 5(6).

-Depreciation system update-

Section 3(5) limits the grant totals to the cost of a bus less the depreciation payments, salvage value, and any other similar payments. An overhaul of the depreciation calculation system is necessary to perform this tabulation. This overhaul will require 1980 hours of business analyst work in FY24, or \$153,000. 792 hours of business analyst work, or \$57,000, will be necessary to maintain the system annually thereafter.

-Zero-emission bus replacement grant-

Section 3 of this bill establishes a grant to assist districts, charter schools, and state and tribal education compact schools with the cost of replacing a single fossil-fuel bus per fleet with a zero-emission bus. Setting up a new grant is a contracted service and has variable costs depending on complexity. Due to the complexity of the proposed grant, section 3 would cost approximately \$23,000 in FY 24 to set up and \$6,000 annually thereafter to maintain. As for the grant itself, there are 287 parties assumed eligible for this as written. Low bid electric school bus prices range from \$246,700 to \$414,677, depending on size and classification. Assuming full participation, the grant could cost between \$70,802,900 and \$119,012,299 annually. This does not include the outstanding depreciation or salvage value of the replaced buses, which will reduce the overall cost

per section 3 (5). The total cost of this grant program is indeterminate.

-Rulemaking-

Section 3(2)(d) requires OSPI to establish sufficiently equivalent standards to determine bus replacement eligibility for charter and state-tribal education compact school buses. OSPI has a standard cost estimate of 17 hours of program director work, 75 hours of work for the rules coordinator, and 21 hours of administrative work per rule. Assuming that only a single rulemaking will be necessary to establish the equivalent standards in the section, it will cost OSPI \$10,000 in FY24.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

| Account | Account Title | Type | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------|---------------|-------|---------|---------|---------|---------|---------|
| 001-1 | General Fund | State | 342,000 | 207,000 | 549,000 | 414,000 | 414,000 |
| Total \$ | | | 342,000 | 207,000 | 549,000 | 414,000 | 414,000 |

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 2.0 | 1.4 | 1.7 | 1.4 | 1.4 |
| A-Salaries and Wages | 174,000 | 119,000 | 293,000 | 238,000 | 238,000 |
| B-Employee Benefits | 94,000 | 64,000 | 158,000 | 128,000 | 128,000 |
| C-Professional Service Contracts | 23,000 | 6,000 | 29,000 | 12,000 | 12,000 |
| E-Goods and Other Services | 14,000 | 9,000 | 23,000 | 18,000 | 18,000 |
| G-Travel | 14,000 | 9,000 | 23,000 | 18,000 | 18,000 |
| J-Capital Outlays | 23,000 | | 23,000 | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| 9- | | | | | |
| Total \$ | 342,000 | 207,000 | 549,000 | 414,000 | 414,000 |

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

| Job Classification | Salary | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-------------------------------------|--------|---------|---------|---------|---------|---------|
| Administrative Program Specialist 2 | 85,020 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| IT business Analyst - Entry | 88,788 | 1.0 | 0.4 | 0.7 | 0.4 | 0.4 |
| Total FTEs | | 2.0 | 1.4 | 1.7 | 1.4 | 1.4 |

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

No impact to capital budget as written.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 3(2)(d) requires OSPI to establish sufficiently equivalent standards to determine bus replacement eligibility for charter and state-tribal education compact school buses.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--|--|
| Bill Number: 1368 HB | Title: Zero emission school buses | Agency: SDF-School District Fiscal Note - SPI |
|-----------------------------|--|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

| | | |
|-----------------------------------|-----------------------|------------------|
| Legislative Contact: Jacob Lipson | Phone: 360-786-7196 | Date: 01/31/2023 |
| Agency Preparation: Daniel Jones | Phone: 3607256292 | Date: 02/11/2023 |
| Agency Approval: TJ Kelly | Phone: (360) 725-6301 | Date: 02/11/2023 |
| OFM Review: Val Terre | Phone: (360) 280-3973 | Date: 02/13/2023 |

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 New

- (1) Summarizes the circumstances motivating the bill.
- (2) States the intent of the Legislature to transition all school districts, charter schools, and state-tribal education compact schools to using only zero emissions buses through a grant program.

Section 2 New

- (1) Beginning September 1, 2035, any school bus purchased by districts, charter schools, state-tribal education compact schools, or used for pupil transportation services contracts must be zero emission school buses.
- (2) Defines "zero emission".

Section 3 New

- (1) Establishes zero emission school bus grant program.
- (2) Defines eligibility for grant program.
 - (2)(a) Only school districts, charter schools, and state-tribal education compact schools are eligible.
 - (2)(b) Zero emission buses, purchase and installation of charging stations, and associated infrastructure and equipment are eligible.
 - (2)(c) Fossil fuel powered buses must be at the end of their depreciation schedule and deemed eligible for replacement to be replaced by this program.
 - (2)(d) OSPI must establish a sufficiently equivalent standard to district bus replacement to determine eligibility for charter school and state-tribal education compact school buses.
- (3) Defines application process.
 - (3)(a) OSPI shall develop a competitive grant application process and aid applicants.
 - (3)(b)(i)-(iii) The competitive application process must reflect a ranking system which prioritizes the greatest reduction in emissions, improvements in health equity to low-income and communities of color, and the oldest of applicant's fleets.
- (4)(a) OSPI may use up to three percent of amounts appropriated for grant program for administration costs.
- (4)(b) OSPI shall award competitive grants as laid out in the bill and promulgate administrative rules.
- (4)(c) OSPI must require that applicants receiving a zero-emission school bus grant, as described in the language, meet one of the following conditions.
 - (4)(c)(i) Sufficient charging infrastructure in place to operate the replacement bus, or
 - (4)(c)(ii) The grantee has secured enough funding, inclusive of the grant described in this language, to purchase and install sufficient charging infrastructure to operate the replacement bus.
 - (4)(d) Districts must deposit grant awards into the transportation vehicle fund of the receiving school district.
- (5) Limits grant funds to the total cost of a replacement bus less the total state depreciation payments, or any applicable, similar payments and less the salvage value of the replaced bus.
- (6) Defines "zero emission".

Section 4 - RCW 28A.160.130 and 2022 c 200 s 1 are each amended.

- (3) Any school buses purchased by school districts from the transportation vehicle fund must be zero emission.

Section 5 - RCW 28A.160.195 and 2005 c 492 s 1 are each amended.

- (1) Once OSPI deems nonzero emission school bus pricing no longer necessary for calculating depreciation payments, school bus categories for the state of Washington must all meet the zero-emission definition from section 2.
- (2) Vendors must ensure that emission-related features meet the definition of zero emission in section 2.
- (5) School districts or ESDs may conduct their own competitive bid process so long as any school buses purchased by school districts from the transportation vehicle fund are zero emission.

(6) OSPI shall annually publish and update information regarding federal grant opportunities pertinent to nonzero emission school bus replacement, such as the clean school bus program.

Section 6 RCW 28A.160.205 and 2007 c 348 s 101 are amended.

(1) Removes language referencing the previous bus replacement incentive program from 2007-2008.

(2) OSPI's funding for bus replacement incentives must only fund the purchase of zero emission buses as defined in section 2, except for remaining depreciation payments on fossil fuel buses.

Section 7 New

The requirements of this act are in addition to any rules adopted by the department of ecology, and nothing in this act modifies or limits those provisions as they apply to zero emission school buses.

Section 8 New

Section 2 of this act governs charter school operation and management.

Section 9 New

Section 2 of this act governs state-tribal education compact schools.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

There is no cash receipts impact to districts. The bill as written creates an optional grant program for school districts and places no requirements until 09/01/2035.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

There is no fiscal impact to districts. The bill as written creates an optional grant program for school districts and places no requirements until 09/01/2035.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

There is no capital budget impact.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.