

Multiple Agency Fiscal Note Summary

Bill Number: 1368 E 2S HB	Title: Zero emission school buses
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI	Fiscal note not available					
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	42,000	42,000	42,000	.0	0	0	0	.0	0	0	0
Department of Ecology	.7	0	0	227,386	.4	0	0	113,869	.0	0	0	0
Total \$	0.8	42,000	42,000	269,386	0.4	0	0	113,869	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	Fiscal note not available								
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
Department of Ecology	Non-zero but indeterminate cost and/or savings. Please see discussion.								
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	Fiscal note not available								
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

Department of Ecology	Non-zero but indeterminate cost and/or savings. Please see discussion.
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Prepared by: Brian Fechter, OFM	Phone: (360) 688-4225	Date Published: Preliminary 2/23/2024
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Individual State Agency Fiscal Note

Bill Number: 1368 E 2S HB	Title: Zero emission school buses	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.2	0.1	0.0	0.0
Account					
General Fund-State 001-1	0	42,000	42,000	0	0
Total \$	0	42,000	42,000	0	0

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: Alex Fairfortune	Phone: 360-786-7416	Date: 02/15/2024
Agency Preparation: Troy Klein	Phone: (360) 725-6294	Date: 02/23/2024
Agency Approval: Amy Kollar	Phone: 360 725-6420	Date: 02/23/2024
OFM Review: Brian Fechter	Phone: (360) 688-4225	Date: 02/23/2024

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.

E2SHB 1368 changes from SHB 1368: This version of the bill is substantially rewritten from the previous version of the bill.

Section 1 is a findings and intent section.

Section 2(1) requires that the Department of Ecology (DOE) administers the grants for zero emission school buses program within the clean diesel grant program.

Section 2(2)(a) adds specific allowable uses for grant funds - infrastructure to allow the use of zero emission buses in cold weather and other challenging operational conditions, and the scrapping of old diesel buses.

Section 2(2)(b) allows grant recipients to combine grant funds awarded with any other source of funding in order to secure all funds needed to purchase each zero-emission vehicle (ZEV) and any associated charging infrastructure.

Section 2(2)(c) state that 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.

Sec. 2(3) requires that DOE 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 DOE under the Climate Commitment Act.

School bus routes serving overburdened communities highly impacted by air pollution identified by DOE under the Climate Commitment Act.

School bus routes using buses manufactured prior to 2007.

Applicants that have demonstrated a previously unsuccessful application for federal funding prior to January 1, 2024.

Section 2(5) requires that DOE, in consultation with OSPI, must submit a report to the Governor and Legislature an update 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.

Section 3(1) revises requirement to engage in an open competitive process from once every five years to every 15 years.

Section 3(2) requires that once ZEV total cost of ownership as defined by rulemaking in RCW 28A.160.195(7) is determined to be at or below the total cost of ownership by rulemaking authorized by RCW 28A.160.195(7) of diesel school buses, newly acquired school buses used for pupil transportation services contracts under this section must be ZEV, as defined in Section 2.

Section 3(3)(a) allows that a school district may request an extension if the average daily mileage of ZEV buses do not meet the district's mileage needs.

Section 3(3)(b) allows that the requirements of 3(2) do not prohibit the use of externally vented fuel-operated passenger heaters, which are authorized from November 15th to March 15th annually until other viable alternatives become available.

Section 4(1) requires that new school bus categories for the annual school bus bid must meet the definition of zero emission buses once total cost of ownership reaches the same or below diesel school buses.

Section 4(2) adds requirement of solicitation of competitive price quotes to include zero emission buses that meet the definition of zero emission vehicle in section 2 of this act.

Section 4(3) requires that once school bus categories include only school buses that meet the definition of ZEV as required in Section 4(1), reimbursements must reflect the full cost of zero emission school buses, excluding operating costs covered

under the bill, and infrastructure eligible for grants under Section 2.

Section 4(7)(b) requires that DOE in consultation with OSPI must adopt rules under RCW 34.05 (Administrative Procedure Act) that establish the formulas used to calculate the total cost of ownership for school buses. OSPI must publish optional preliminary guidance that school districts can follow.

Section 5(1) requires that by November 15, 2024, OSPI in consultation with DOE must survey Local Education Agencies (LEAs) on total cost of ownership of zero emission buses. OSPI must submit a report of the findings to the legislature by December 1, 2024.

Sec. 5(2)(a-e) requires that the survey must collect from each school district: Current zero emission charging, refueling capacity, and infrastructure. If they anticipate apply for grant funds in the two and the next five years. If any buses off of depreciation were manufactured before 2007 and why they continue to use the bus. Responses to preliminary guidance on total cost of ownership. Other information OSPI or DOE deem useful to facilitate the transition to zero emission school buses.

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 cash receipts impact on OSPI.

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.

OSPI expenditure impact:

Sections 3 of the bill regarding ZEV total cost of ownership and section 4 of the bill regarding that DOE in consultation with OSPI must adopt rules under RCW 34.05 (Administrative Procedure Act) that establish the formulas used to calculate the total cost of ownership for school buses. would require rulemaking by OSPI. OSPI estimates that this work would require about 204 hours for a Director at a WMS 2 level, 42 hours for an Executive Assistant Confidential Secretary, 34 hours for an Assistant Superintendent exempt, and 150 hours for a Program Coordinator exempt. The estimated cost for the rulemaking work is \$39,000 in FY 2025.

Section 5 of the bill requires OSPI carry out a survey to school districts and report to the Legislature by December 1, 2024. This work would require about 20 hours of a Director at a WMS 2 level, and about 10 hours of an Administrative Program Specialist 2, range 60, step M. The total cost for this is estimated at \$3,000 in FY 2025.

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	0	42,000	42,000	0	0
Total \$			0	42,000	42,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.2	0.1		
A-Salaries and Wages		22,000	22,000		
B-Employee Benefits		14,000	14,000		
C-Professional Service Contracts					
E-Goods and Other Services		3,000	3,000		
G-Travel		1,000	1,000		
J-Capital Outlays		2,000	2,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	42,000	42,000	0	0

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
Admin. Program Specialist 2, range 60, step M	88,416		0.0	0.0		
Assistant Superintendent - Exempt	164,280		0.0	0.0		
Executive Assistant, Confidential Secretary - Exem	69,708		0.0	0.0		
Rules Coordinator - Exempt	86,316		0.1	0.0		
Student Transportation Director	126,800		0.1	0.1		
Total FTEs			0.2	0.1		0.0

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 capital budget impact on OSPI.

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) RCW 28A.160.195(7)

Section 4(7)(b) RCW 34.05 (Administrative Procedure Act).

Individual State Agency Fiscal Note

Bill Number: 1368 E 2S HB	Title: Zero emission school buses	Agency: 461-Department of Ecology
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.4	0.7	0.4	0.0
Account					
Air Pollution Control Account-State 216-1	0	227,386	227,386	113,869	0
Total \$	0	227,386	227,386	113,869	0

Estimated Capital Budget Impact:

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

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: Alex Fairfortune	Phone: 360-786-7416	Date: 02/15/2024
Agency Preparation: Andrew Contreras	Phone: 360-485-7648	Date: 02/19/2024
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/19/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/21/2024

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.

Compared to SHB 1368, E2SHB 1368 has the following changes:

- Previous section 2 requirements are removed, including the tiered structure for requiring 70% of school bus purchases to be zero emissions by 2030 and 100% by 2033, as well as the requirement for 75% of contracted pupil transportation buses to be zero emissions beginning September 1, 2030. Sections are renumbered accordingly.
- Section 3(2) adds a requirement for the Office of the Superintendent of Public Instruction (OSPI) to solely use zero emission school bus categories once total cost of ownership reaches price parity with diesel school buses.
- Section 4(7)(b) adds a requirement for the Department of Ecology to adopt rules to establish the formulas used to calculate the total cost of ownership for school buses. Prior to the establishment of total cost of ownership rules, OSPI would be required to consult with Ecology to publish preliminary guidance to school districts.
- Section 5 requires OSPI, in consultation with Ecology, to 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 zero emission school buses.

These changes result in a change to the fiscal impact for Ecology.

This bill would transition school districts, charter schools, and state-tribal education compact schools to using only zero emission school buses and establish a zero-emission school bus grant program.

Section 2 would amend the clean air act, chapter 70A.15 RCW, to establish a zero-emission school bus grant program administered by Ecology. Grants would be subject to appropriation and awarded on a competitive basis. Sections 2(4)(a) and 2(4)(b) specify that Ecology may use up to 3.5 percent of funding for costs to administer the program and up to 6.5 percent to provide technical assistance to grant applicants.

Section 4 would require that once zero emission school bus total cost of ownership as defined by rule making authorized under section 4(7) is determined to be at or below the total cost of ownership of diesel school buses, newly acquired school buses must be school buses that are zero emission vehicles. Section 4(7)(b) would require Ecology, in consultation with OSPI, to adopt rules to establish the formulas used to calculate the total cost of ownership for school buses. Prior to the establishment of total cost of ownership rules, OSPI would be required to consult with Ecology to publish preliminary guidance to school districts, including those contracting for pupil transportation services.

Section 5 would require OSPI, in consultation with Ecology, to 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 zero emission school buses by November 15, 2024. OSPI would be required to submit a legislative report summarizing the findings by December 1, 2024.

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.

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.

The operating expenditure impact to Ecology under this bill is greater than \$50,000 in Fiscal Year (FY) 2025 and 2026 for sections 4 and 5.

Rulemaking and OSPI Consultation

Section 4(7)(b) would require Ecology to adopt rules to establish the formulas used to calculate the total cost of ownership for school buses.

Ecology assumes that rulemaking would be moderately complex with a normal level of public interest and controversy. It would require 18 months, from July 2025 to January 2027. This type of rulemaking would require one preproposal meeting to gather input from stakeholders. An Environmental Justice Assessment would also be required under the HEAL Act.

Ecology assumes additional technical support for coordination with OSPI related to rulemaking noted in Section 4. Additionally Ecology assumes technical support related to section 5 with OSPI to review and provide input based off of findings.

The following positions would be required for rulemaking and consultation with OSPI:

0.25 FTE Environmental Specialist 5 in FY 2025 – This position would support rulemaking providing technical assistance on input data and formula development.

0.25 FTE Environmental Specialist 5 in FY 2025 – This position would provide technical assistance on input data and formula development in coordination with OSPI.

0.5 FTE Environmental Planner 3 in FY 2025 and 0.25 FTE in FY 2026 – this position would be the rulemaking lead, coordinating the rulemaking effort.

0.25 FTE Environmental Engineer 6 in FY 2025 and 0.13 FTE in FY 2026 – this position would be the technical lead, advising on rule language and driving the overall policy change of the program.

The following positions would complete an economic and regulatory analysis of the rule: 0.2 FTE Economic Analyst 3 in FY 2026; 0.05 FTE Regulatory Analyst 2 in FY 2026.

Ecology would hold at least one public hearing in FY 2025 for rulemaking. Goods and services estimates include facility rental costs estimated at \$1,000 per hearing.

Ecology assumes no additional costs for consultation with the Attorney General's Office.

SUMMARY:

Rulemaking and OSPI consultation are estimated to require:

FY 2025: \$227,386 and 1.4 FTEs

FY 2026: \$113,869 and 0.7 FTEs

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 34.1% of salaries.

Goods and Services are the agency average of \$6,048 per direct program FTE. Goods and Services includes \$1,000 for rulemaking hearings in FY 2025.

Travel is the agency average of \$2,205 per direct program FTE.

Equipment is the agency average of \$1,286 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.8% of direct program salaries and benefits and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT App Development - Journey.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
216-1	Air Pollution Control Account	State	0	227,386	227,386	113,869	0
Total \$			0	227,386	227,386	113,869	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		1.4	0.7	0.4	
A-Salaries and Wages		123,209	123,209	61,966	
B-Employee Benefits		42,015	42,015	21,131	
E-Goods and Other Services		8,560	8,560	3,810	
G-Travel		2,757	2,757	1,389	
J-Capital Outlays		1,608	1,608	810	
9-Agency Administrative Overhead		49,237	49,237	24,763	
Total \$	0	227,386	227,386	113,869	0

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
ECONOMIC ANALYST 3	95,627				0.1	
ENVIRONMENTAL ENGINEER 6	128,628		0.3	0.1	0.1	
ENVIRONMENTAL PLANNER 3	86,716		0.5	0.3	0.1	
ENVIRONMENTAL SPEC 5	95,387		0.5	0.3		
FISCAL ANALYST 2			0.1	0.1	0.0	
IT APP DEV-JOURNEY			0.1	0.0	0.0	
REGULATORY ANALYST 2	88,798				0.0	
Total FTEs			1.4	0.7	0.4	0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

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

IV. B - Expenditures by Object Or Purpose

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

IV. C - Capital Budget Breakout

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

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

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

NONE

The capital expenditure impact to Ecology under this bill is indeterminate to implement the requirements of section 2.

Section 2 Program Implementation

Currently, Ecology has an existing clean diesel zero emission school bus grant program funded through the capital budget. Ecology assumes funding to implement and administer the new grant program required under section 2 would be appropriated out of the capital budget, similar to how Ecology's existing program is funded.

Ecology assumes we would administer the grant program using the existing process for Ecology's clean diesel zero emission school bus program, and that rulemaking would not be required.

The fiscal impact to administer the grant program under section 2 is indeterminate since the appropriation level for the amount of grant funding is not provided in this legislation.

Ecology's costs to administer the program depend on the size of the grant program. Ecology assumes the program can be implemented effectively with up to 10% administrative costs, based on how Ecology administers the clean diesel grant program.

As a scenario for reference, if the biennial appropriation was \$30 million, Ecology estimates we would require positions for grant administration, budget and contracts grants specialist, and Ecology's grant and loan system for the first year and ongoing, as follows:

2.0 FTE Environmental Specialist 4 – This position would provide grant support, contract management support, and reporting requirements through the duration of the program.

1.0 FTE Environmental Specialist 3 – This position would provide grant development support, grant management support, and reviews through the duration of the program.

Costs to establish and maintain a grant program in Ecology's Administration of Grants and Loans (EAGL) system would be \$36,000 in the first year and \$7,500 each year after.

Ecology assumes we would conduct an Environmental Justice Assessment in FY 2025 for the new grant program as required under the HEAL Act, Chapter 70A.02 RCW.

Total estimated costs to administer a grant program of \$30 million would therefore be approximately \$476,000 per year for 3 years, for a total of \$1.43 million from FY 2025 to FY 2027. Ecology assumes an additional 3.0 FTEs for each \$30 million added to the grant program.

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 4(7)(b) would require Ecology to adopt rules to establish the formulas used to calculate the total cost of ownership for school buses. Rulemaking is anticipated to occur from July 2025 to January 2027.