

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1971

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1971, with committee amendments.

As amended and reported, this bill requires the Board of Public Utilities (BPU), in consultation with the Department of Transportation, Department of Education, and New Jersey Motor Vehicle Commission, to develop and implement, a three-year “Electric School Bus Pilot Program” (pilot program). The purpose of the pilot program is to determine the operational reliability and cost effectiveness of replacing diesel-powered school buses with electric school buses for daily transportation of students.

The bill requires the BPU to select at least three school districts (districts) or school bus contractors (bus contractors), one from each region of the State, for participation in the pilot program. At least one of the districts or bus contractors is to be located in a “low-income, urban, or environmental justice community” as defined pursuant to law.

The BPU is to award grants up to \$10 million to districts or bus contractors selected to participate in the pilot program to purchase electric school buses and to purchase and install electric school bus charging infrastructure. The BPU may use available monies to provide grants from three sources of funds that are the societal benefits charge (SBC) revenues, the Plug-in Electric Vehicle Incentive Fund, or the Volkswagen Mitigation Trust Fund.

The bill requires the districts or bus contractors selected to participate in the pilot program to submit periodic reports to the BPU detailing the cost to operate electric school buses and any reliability issues related to the operation of the buses. The bill requires the BPU to submit a report with certain information to the Governor and Legislature no later than six months after the completion of the pilot program.

COMMITTEE AMENDMENTS:

The committee amended the bill to: 1) add bus contractors as participants in the pilot program; 2) provide that at least one of the selected districts or bus contractors be located in a “low-income, urban, or environmental justice community”; 3) add the Plug-in

Electric Vehicle Incentive Fund and the Volkswagen Mitigation Trust Fund as funding sources for grants awarded under the pilot program; 4) require in the report to the Governor and Legislature that the BPU conduct an analysis of the use of any state grants, awarded prior to the enactment of the bill, towards any program established to promote the use of electric buses; and 5) require that rules and regulations adopted by the BPU are to include the collection and reporting of certain technical information by districts and bus contractors to the BPU.

FISCAL IMPACT:

The Office of Legislative Services finds that this bill will result in an increase in State costs of up to \$10 million over three years to fund the cost of the pilot program. Participating local school districts will realize the same amount in increased grant revenue to purchase electric buses and electric charging infrastructure.

The program may also generate an indeterminate amount of net local cost savings throughout the duration of the pilot program and possibly longer. Electric vehicles generally require lower operating and maintenance costs during the life of the vehicle compared to diesel powered ones, but participating school districts will likely incur some upfront costs associated with the pilot program that they otherwise would not have incurred with their current diesel fleet. The magnitude of any savings cannot be accurately stated at this time due to uncertainty about the cost benefits a local school district will realize from the use of electric buses as opposed to conventional diesel buses.