

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/29/2023
POSITION: Oppose
SPONSOR: Advanced Energy United, Generation Up

BILL NUMBER: AB 579
AUTHOR: Ting, Philip Y
RELATED BILLS: AB 2731 (2021-2022)

BILL SUMMARY: Schoolbuses: zero-emission vehicles.

This bill requires all newly purchased or contracted school buses of a school district, county office of education, or charter school to be zero-emission vehicles beginning January 1, 2035. This bill also authorizes local educational agencies (LEAs) to request from the California Air Resources Board, in consultation with the California Department of Education, a one-time extension for up to 5 years if the LEA determines the purchase of a zero-emission school bus is not feasible due to terrain and route constraints.

This bill also authorizes a continuing contract for the lease or rental of school buses for up to 15 years and allows the contract to be negotiated annually within the contract period when necessary to maintain an equitable pricing structure.

Finally, this bill would also authorize frontier LEAs, or small-sized LEAs as defined, to apply for annual extensions, from January 1, 2040 to January 1, 2045, if the frontier LEA determines that the purchase or contracting of a zero-emission school bus is not feasible due to both terrain and route constraints, as specified.

FISCAL SUMMARY

Finance estimates that this bill will likely create Proposition 98 General Fund cost pressures of at least \$5 billion for LEAs to purchase zero-emission vehicles and electric charging stations. This estimate assumes that roughly 23,200 of the current 23,800 school buses in use in California would need to be replaced by a zero-emission bus, with roughly 500 electric school buses already in use, and a budget investment of \$1.5 billion over three years beginning 2023-24 would support the replacement of roughly 3,000 diesel school buses. This estimate assumes the average cost differential between an electric school bus and a diesel bus is \$200,000, resulting in costs of approximately \$4 billion to acquire 20,200 electric school buses, and assumes average electric charging infrastructure costs of roughly \$50,000 per bus, or just over \$1 billion. Costs for LEAs may be offset by savings in maintenance and fuel costs over the lifetime of the school buses as compared to diesel buses.

Although LEAs would continue to maintain the discretion to acquire or lease a new school bus and under current law most pupil transportation is provided at an LEAs discretion, this bill could create a state mandate with one-time Proposition 98 General Fund costs in the hundreds of millions to billions of dollars to the extent that an LEA is compelled to acquire a new electric school bus to be able to provide no-cost transportation to students that have an Individualized Education Plan (IEP) requiring home-to-school transportation.

This bill may also result in costs of \$470,000 General Fund for the Department for three positions that would be needed to administer the program.

Analyst/Principal Grant, Lina	Date	Program Budget Manager Ferguson, Chris	Date
Department Deputy Director			Date
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

Ting, Philip Y

06/29/2023

AB 579

COMMENTS

Although the goal of transitioning to an all zero-emission school bus fleet is a laudable goal, the Department of Finance is opposed to this bill for the following reasons:

- This bill could create a state mandate with one-time Proposition 98 General Fund costs in the hundreds of millions to billions of dollars to the extent that an LEA is compelled to acquire a new electric school bus to be able to provide no-cost transportation to students who have an Individualized Education Plan requiring home-to-school transportation. Federal law requires that LEAs provide transportation to students that are homeless, and to those with disabilities, if required by their plan.
- This bill creates Proposition 98 General Fund cost pressures of \$5 billion for LEAs for the purchase of zero-emission vehicles and electric charging stations.

Existing law requires seat belts for school buses, specifically for small school buses manufactured after July 1, 2004, and large buses manufactured after July 1, 2005; the requirement did not apply to buses manufactured prior to these years. Chapter 206, Statutes of 2018 (AB 1798) ends the exception for older school buses by July 1, 2035.

The 2022 Budget Act included \$1.5 billion one-time Proposition 98 General Fund, available over five years, to support greening school bus fleets through programs that will be operated by the Board and the California Energy Commission. The funding structure was altered in the 2023 Budget Act to provide \$500 million per year for three years to the Board and the Commission, to replace heavy-duty internal combustion school buses owned by LEAs, with zero emission buses. Finance anticipates this funding will support the replacement of roughly 3,000 diesel buses with zero-emission school buses.

A substantially similar bill, AB 2731 from the 2021-22 legislative session, was held in the Senate Appropriations Committee.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					
	LA	(Dollars in Thousands)					
	CO RV	PROP 98	FC	2023-2024 FC	2024-2025 FC	2025-2026 FC	Fund Code
6100/Dep of Educ	SO	Yes	C	470 C	470 C	470 C	0001
6100/Dep of Educ	LA	Yes	C	5,000,000 C	5,000,000 C	5,000,000 C	0001