

<b>LFC Requester:</b>	Sunny Liu
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**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)**

*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 1/21/2025 *Check all that apply:*  
**Bill Number:** HB 32 Original  Correction   
 Amendment  Substitute

<b>Sponsor:</b> <u>Reps. Sarinana, Gurrola &amp; Lujan</u>	<b>Agency Name and Code Number:</b> <u>430 – Public Regulation Commission</u>
<b>Short Title:</b> <u>ELECTRIC OR ALT FUEL SCHOOL BUSES</u>	<b>Person Writing:</b> <u>Ed Rilkoff</u>
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

##### Synopsis:

HB 32 allows school districts to replace traditional diesel buses with electric or zero-emission alternative fuel buses. The bill provides state funding support for these replacements, covering the equivalent cost of a diesel bus including necessary charging infrastructure. Districts would secure the remaining costs through grants or non-state funding.

The bill maintains the existing twelve-year replacement cycle for school buses. It permits school districts to petition for earlier replacement or extended use of buses under specific conditions, such as growth or adequate safety inspections.

HB 32 enables electric school buses to serve as energy storage when not in use for student transportation. These buses could provide grid services, reduce daily electrical demand in schools, or supply emergency power. Superintendents must negotiate agreements with utilities or cooperatives for compensation and to ensure compliance with safety and operational standards for these alternative uses.

#### **FISCAL IMPLICATIONS**

N/A

#### **SIGNIFICANT ISSUES**

Electric school buses cost two to three times more than diesel buses, which cost between \$100,000 and \$120,000, with electric bus prices ranging from \$300,000 to \$400,000 per vehicle. New Mexico's school districts have about 2,000 school buses, making the total replacement cost \$600-\$800 million. About 300 school buses are being replaced each year. Due to the high capital costs, this program would need to be implemented gradually. To be successful, grants and non-state funding such as federal programs would be required to offset the additional electric school bus and infrastructure costs.

Infrastructure costs would include the costs of purchasing and installing charging stations and school electrical system upgrades to handle the increased loads. The local utility is also likely to need upgrades to support the increased energy demand. The cost of the upgrades may be especially challenging for rural electric cooperatives.

Offsets to the costs include the benefits of the utilities using the school bus batteries during peak demand periods under a demand side management or other programs. Since schools are mainly closed for the summer, the batteries from school buses could serve as a valuable storage resource during the utility's peak summer demand period. Electric school buses would also qualify for clean energy credits under the NM Department of Environment's clean fuels program.

Electric school buses produce zero tailpipe emissions which improves air quality, especially in

school zones. This is a major benefit that is not quantified in this analysis.

#### **PERFORMANCE IMPLICATIONS**

N/A

#### **ADMINISTRATIVE IMPLICATIONS**

N/A

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None.

#### **TECHNICAL ISSUES**

None.

#### **OTHER SUBSTANTIVE ISSUES**

The bill assumes that the life of the school bus, and therefore the battery life, is 12 years. Replacement batteries may have a shorter lifespan and will be expensive to replace. Also, over time the batteries degrade which would reduce the school bus range. Maintenance staff will require new training to service the electric buses.

Electric school buses currently have a limited range (125-200 miles) on a single charge which could create issues for school districts with long, rural routes. At the same time, longer range buses are in the works. Adequate charging would also have to be in place for out-of-town travel for sports and other events (or would diesel buses continue to be used for this purpose). During cold winter days, the range of electric buses can also be reduced.

#### **ALTERNATIVES**

N/A

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status Quo.

#### **AMENDMENTS**

N/A