



LFC Requester: Liu

**PUBLIC EDUCATION DEPARTMENT
BILL ANALYSIS
2025 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 01/21 /25
Bill No: HB32

Agency Name and Code: PED - 924

Sponsor: Sariñana

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Short Title: ELECTRIC OR ALT FUEL SCHOOL BUSES

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SECTION II: FISCAL IMPACT

(Parenthesis () Indicate Expenditure Decreases)

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
None	None	N/A	NFA

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
None	None	None	N/A	NFA

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	None	None	None	N/A	N/A	NFA

Duplicates/Relates to Appropriation in the General Appropriation Act:
Relates to General Appropriation Act Public School Support LESC and LFC requests include \$1.5 million appropriation from the Public School Capital Outlay Fund for alternative school bus fueling and charging infrastructure.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 32 (HB32) would amend the [Public School Finance Act](#) and add a new section to the Public School Code to allow school districts to replace current school buses with electric or zero-emission alternative fuel buses. The bill would also provide guidelines for the use of electric buses as energy storage systems for grid services or emergency power needs, subject to agreements negotiated by school superintendents.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the Legislature enacting them unless a later date is specified. If enacted, this bill would become effective June 20, 2025.

FISCAL IMPLICATIONS

HB32 does not contain an appropriation.

SIGNIFICANT ISSUES

[Section 22-8-27 NMSA 1978](#) of the Public School Finance Act provides for the Public Education Department (PED) to offer funding for replacement of school buses after 12 years of service. Capital Outlay funding for district-owned school bus replacement ranged from \$5.2 million to \$32.9 million between FY18 and FY25. In 2024, the state appropriated \$29.2 million for school bus replacements and \$1.5 million for alternative school bus fueling and charging stations.

The bill would direct PED to allocate school bus replacement funding for electric school buses (ESBs) and other zero-emission school buses. Given that the price of a new ESB and its charging systems may be three times that of a similarly sized diesel school bus, provisions of the bill include a maximum and minimum based on the cost of a diesel replacement, depending on whether other funding sources have been secured for the replacement. The statewide appropriation for replacing school buses administered by PED would not be affected by the provisions of the bill.

The bill would provide no funding for replacement of existing buses with ESBs other than the amount that would be expended on combustion-engine buses. ESB's cost on average \$420,000 each, and charging stations cost between \$16,000 and \$46,000, with one needed for each ESB. School buses with combustion engines, in contrast, typically cost approximately \$130,000. There are no training costs that are needed to train bus drivers.

In their December 12, 2024, Legislative Finance Committee [Public School Transportation Funding Formula Report](#), legislative staff found that electric buses have lower operating costs, saving districts an estimated \$4,000 to \$11,000 per bus per year compared with diesel buses. The report also tallied 34 ESBs currently owned by school districts including Albuquerque Public Schools, Las Cruces Public Schools, Santa Fe Public Schools, Dulce Independent Schools, Lake Arthur Municipal Schools, and Pecos Independent Schools.

School districts may use grants or non-state funding to offset costs. Albuquerque Public Schools was awarded \$6.9 million as part of the U.S. Environmental Protection Agency Clean School Bus Program to purchase 20 new clean school buses to replace diesel buses. In January 2025,

President Donald Trump issued an executive order pausing disbursements from the Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act, specifically targeting programs that discourage fossil fuel development or promote electric vehicle use.

Additionally, transitioning to electric school buses supports state goals for reducing greenhouse gas emissions of at least 45 percent by 2030 as compared with 2005 levels according to the [New Mexico Environment Department](#). Electric buses offer additional value as energy storage devices, potentially reducing schools' daily electrical demand and providing backup power during emergencies.

PERFORMANCE IMPLICATIONS

- The use of ESBs as energy resources may enhance the operational efficiency and sustainability of school districts. This new capability could lead to reduced utility costs for schools and better energy resilience during emergencies.
- The use of ESBs for transporting students may reduce health risks for students riding the bus and waiting at pick-up and drop-off locations where buses normally idle.
- The implementation of this program will likely require the development of new technical expertise and maintenance protocols.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

The intent of the bill's provisions for conditions of funding are not clear. Those without sufficient grant funding, defined in the bill as at least half the cost of the replacement, would be assured state funding that is no less than the cost of replacement with a diesel bus. Districts with at least half of the cost of replacement covered by grant or other non-state funding would receive no more than that amount. The minimum allocation for districts without other funding sources would make it possible for PED to provide more funding, while the maximum for districts with other funding sources would cap the amount received. These parameters seem to ensure that the PED would not penalize districts without matching funds. The parameters may result also in disincentivizing districts and charter schools from seeking grants and other sources of funding.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

The sponsors may consider revising parameters for funding to better incentivize seeking matching funds for ESB and zero-emission alternative fuel school bus replacements.

Leasing of buses is not permitted. The sponsors may consider removing this as permissible from the bill language.