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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
57th Legislature, 1st Session, 2025

Bill Number	<u>HB32</u>	Sponsor	<u>Sariñana/Gurrola/Lujan</u>
Tracking Number	<u>.228902.2</u>	Committee Referrals	<u>HTPWC/HEC</u>
Short Title	<u>Electric or Alt Fuel School Buses</u>		
Analyst	<u>Montoya</u>	Original Date	<u>1/27/2025</u>
		Last Updated	<u></u>

BILL SUMMARY

Synopsis of Bill

House Bill 32 (HB32) would amend the Public School Finance Act (Section 22-8-27 NMSA 1978) by adding two new provisions related to transportation equipment. HB32 would introduce language requiring the Public Education Department (PED) to offer school districts the option to replace a diesel-powered school bus with an electric school bus (ESB) or zero-emissions alternative fuel school bus. The bill would also add language outlining the funding approach PED would need to follow for districts opting for such replacements.

FISCAL IMPACT

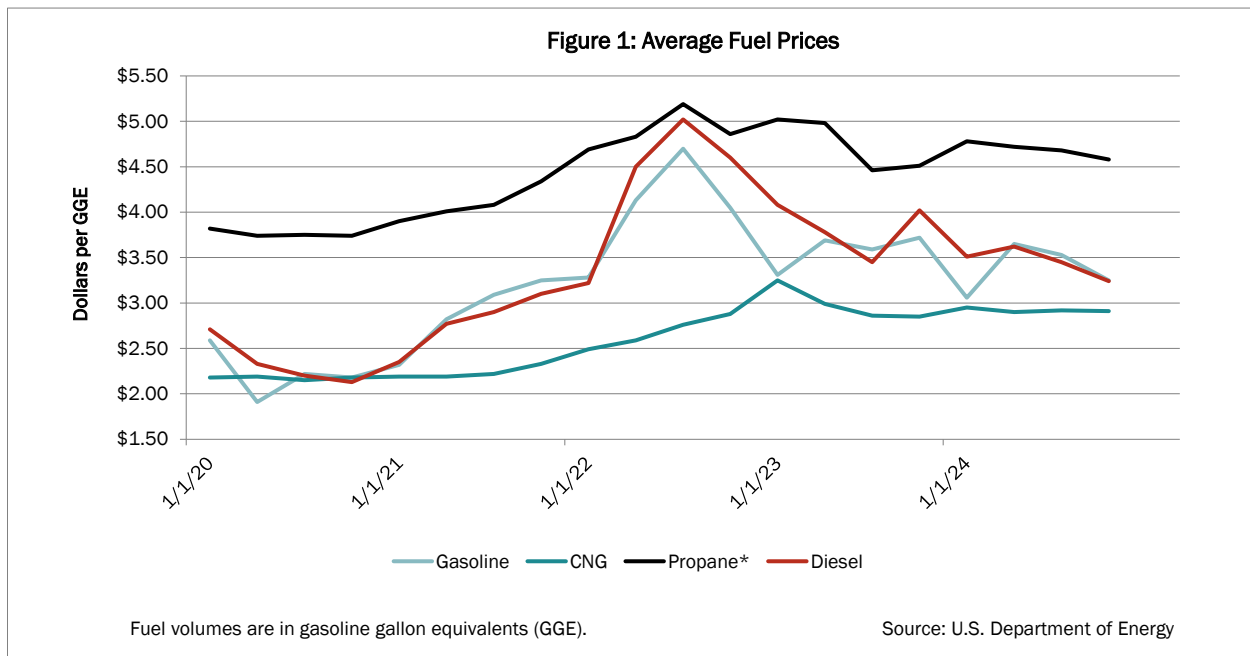
HB32 does not carry an appropriation and does not provide any additional funding for ESBs or alternative fuel buses above what is currently provided for diesel-powered buses.

ESB Purchase Price. The average purchase price of an ESB is \$400 thousand, according to the [U.S. Department of Energy](#) (DOE). In comparison, a diesel-powered bus has an average cost of \$135 thousand per bus, ranging from \$90 thousand to \$160 thousand per bus, depending on size and other specifications. The price of charging stations can vary [significantly](#), ranging from \$600 per port to over \$140 thousand per port, depending on port type and additional features.

Alternative Fuel Buses. Alternative fuel powered buses may be a suitable option for many school districts that are unable to afford the upfront costs of ESBs. Some alternative fuel school buses may carry a higher price tag than diesel powered buses. For instance, Compressed Natural Gas school buses can cost \$25 thousand to \$30 thousand more than diesel powered buses, whereas propane-powered vehicles can range from \$90 thousand to \$160 thousand.

Alternative Fuels. Fuel prices do fluctuate and can be quite volatile as highlighted in **Figure 1: Average Fuel Prices**, making it difficult to plan for energy costs. The availability of alternative fuel sources in certain locations is also something to be considered when evaluating the

implementation of HB32. Districts considering the implementation of alternative fuel buses should carefully evaluate potential challenges and proactively plan for them.



Cost of Ownership. When determining the total cost of ownership for ESBs or alternative fuel school buses compared with traditional diesel-powered buses, there are several factors beyond the initial purchase. These include the expenses associated with charging or refueling infrastructure, availability of grants or subsidies, ongoing fuel or charging costs, maintenance and repair expenses, insurance, and, for electric school buses, potential revenue from selling stored energy back to local power companies. According to the [World Resource Institute's Electric School Bus Initiative](#), an organization which promotes equitable transition to ESBs, the utilization of an ESB could save over \$100 thousand in lifetime fuel and maintenance costs compared with a diesel bus. ESBs typically have lower maintenance costs due to their unique drive components. However, some components, such as the battery, can be costly to replace if the vehicle is not under warranty.

SUBSTANTIVE ISSUES

Funding Guidelines. HB32 proposes funding guidelines for two scenarios:

- **Scenario One:** If a school district has not secured grants or other non-state funding covering at least one half the cost of an ESB or zero-emissions alternative fuel bus, PED would be required to provide funding per bus equal to the amount it would provide for a diesel bus replacement. HB32 would require districts to use these funds exclusively for purchasing ESB or zero-emissions buses and the necessary charging infrastructure.
- **Scenario Two:** If a school district does secure grants or other non-state funding covering at least one half the cost of an ESB or zero-emissions alternative fuel bus, PED shall provide the school district with the funding needed for the school bus and related charging infrastructure, up to the amount it would provide for a diesel-powered school bus replacement.

Health and Environmental Implications. In addition to the potential cost savings provided by ESBs and alternative fuel buses, school districts could also experience health benefits. According to the [U.S. Environmental Protection Agency \(EPA\)](#) diesel exhaust exposure is linked to health

issues such as asthma and respiratory illnesses, and can exacerbate existing heart and lung conditions, particularly in [children and the elderly](#). These health problems can lead to more emergency room visits, hospitalizations, missed school and workdays, and even premature deaths.

Alternative Fuels. Fuel prices do fluctuate and can be quite volatile as highlighted above in **Figure 1: Average Fuel Prices**, making it difficult to plan for energy costs. The availability of alternative fuel sources in certain locations is also something to be considered when evaluating the implementation of these buses. Districts considering the implementation of alternative fuel buses should carefully evaluate potential challenges and proactively plan for them.

ADMINISTRATIVE IMPLICATIONS

HB32 may require PED to establish procedures for verifying the amount of grant or other non-state funding secured by districts for ESBs, alternative fuel buses, and related infrastructure. Furthermore, the department may need to implement controls to ensure districts use funds allocated for the intended purposes of HB32.

SOURCES OF INFORMATION

- LESC Files

MAM/clh/mca/jkh