

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE, No. 886

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 15, 2023

The Senate Environment and Energy Committee favorably reports Senate Bill No. 886, with committee amendments.

The bill, as amended by the committee, directs the New Jersey Infrastructure Bank (NJIB) to establish, within one year after the date of enactment of the bill into law, a program, to be known as the Electric School Bus Financing Program, to provide loans and other forms of financial assistance to school districts to finance the purchase of electric school buses in lieu of, or to replace, diesel-powered school buses for the daily transportation of students and the purchase and installation of related electric school bus charging infrastructure.

A school district seeking financial assistance for the purchase of an electric school bus or the purchase and installation of related electric school bus charging infrastructure would be required to apply to the Board of Public Utilities (BPU). As part of the application process, the school district would be required to perform an energy assessment of the school district's current fleet of school buses. The assessment would compare the costs of acquiring, operating, and maintaining an electric school bus versus those for a diesel-powered school bus, identify the potential environmental benefits of using electric school buses within that school district, and identify potential savings that may be realized over the estimated useful life of the electric school bus.

The BPU, in consultation with the NJIB, would be required to develop criteria for the ranking of applications received for funding and specifications for the types of electric school buses and related charging infrastructure eligible for financing. The bill specifies that this criteria provide priority ranking for school districts located in overburdened communities.

Upon approval of an application, the BPU would submit a certification of application approval to the NJIB. Subject to the availability of funds under the program, the NJIB may make and contract to make loans or other forms of financial assistance to the applicant to finance all or a portion of the costs of the purchase of an electric school bus or the purchase and installation of related electric school bus charging infrastructure, as identified in the certification of application approval, provided that the project is included on a

“Electric School Bus Financing Program Project Priority List” prepared by the BPU pursuant to section 4 of the bill. Loans and other forms of financial assistance provided pursuant to the bill would be made subject to such terms and conditions as the NJIB deems appropriate. The bill provides that a school district may use performance and operational savings realized from the purchase and use of an electric school bus or related charging infrastructure to repay a loan issued pursuant to the bill.

The BPU, in conjunction with the NJIB, would be required, no later than one year after the first loan or other form of financial assistance is made, and for each succeeding year in which such financial assistance is made, to prepare and submit a report to the Governor and the Legislature on the effectiveness of the program in promoting the purchase of electric school buses and related charging infrastructure by school districts. The report would identify each school district that received a loan or other financial assistance from the program established by the bill, describe the electric school buses and related charging infrastructure purchased, and provide an analysis of the environmental benefits achieved from the purchase and use of electric school buses. The report may also include any recommendations for legislative changes that may improve the effectiveness of the program.

Lastly, the bill would require the BPU, in the State fiscal year commencing July 1 following the date of enactment of the bill into law, and each year thereafter, to transfer to the NJIB \$20 million from available balances accumulated in accounts of the BPU from funds collected through the societal benefits charge (established by the “Electric Discount and Energy Competition Act,” P.L.1999, c.23 (C:48:3-49 et al.) for the purposes of the Electric School Bus Financing Program established pursuant to the bill. The BPU and the NJIB would be authorized to enter into any contract deemed necessary to implement this transfer of funds between the two entities.

The committee amendments to the bill:

- (1) update the statutory text in section 7 of the bill to reflect current law; and
- (2) make a technical correction.