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HOUSE BILL NO. 2118**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Finance
on February 1, 2021)

(Patron Prior to Substitute—Delegate Keam)

A *BILL to amend the Code of Virginia by adding in Article 1 of Chapter 13 of Title 10.1 a section numbered 10.1-1322.5, relating to Virginia Electric Vehicle Grant Fund and Program; creation; work group report.*

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 1 of Chapter 13 of Title 10.1 a section numbered 10.1-1322.5 as follows:

§ 10.1-1322.5. Virginia Electric Vehicle Grant Fund and Program; report.

A. As used in this section:

"Department" means the Department of Environmental Quality.

"Electric school bus" means a school bus that is propelled to a significant extent by an electric motor that draws electricity from a battery and is capable of being recharged from an external source of electricity.

"Fund" means the Virginia Electric Vehicle Grant Fund established in subsection B.

"Program" means the Virginia Electric Vehicle Grant Program established pursuant to subsection C.

"Fund and Program project" means all or any part of projects pursued for the Fund and Program, that are necessary and desirable for (i) reducing air pollution in order to protect the health of Virginians; (ii) increasing the number and use of electric school buses in Virginia; (iii) replacing commercial vehicles or heavy equipment in Virginia that uses fossil fuels with electric vehicles or equivalents that reduce air emissions; (iv) ensuring a broad geographic distribution of grant awards; and (v) creating employment opportunities for Virginians.

"School bus" has the same meaning as the term "schoolbus" as defined in 49 U.S.C. § 30125, and its successor amendments.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia Electric Vehicle Grant Fund. The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose, and any gifts, donations, grants, bequests, and other funds received on its behalf, shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of (i) awarding grants on a competitive basis through the Program established pursuant to subsection C or (ii) implementing and administering the Program. Moneys used for implementing and administering the Fund and Program shall be limited to amounts necessary to implement the Fund and Program. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department.

C. The Virginia Electric Vehicle Grant Program is hereby established for the purpose of awarding grants on a competitive basis to Fund and Program projects pursuant to subsection D from such funds as may be available from the Fund. The Department shall oversee each grant awarded through the Program and ensure thorough annual reporting on each such grant. The Program shall be administered by the Department. In administering the Program, the Department shall consult with other departments and stakeholders described in subsection E to publish guidelines and criteria for grant awards, including guidelines and criteria governing agreements between the Department and grant recipients.

D. Grants shall be awarded for Fund and Program projects that meet these criteria, and, to the extent practicable, shall follow this order of priority: (i) Fund and Program projects by public school divisions (a) to cover the costs, in whole or in part, associated with replacing existing diesel school buses that they operate with electric school buses that reduce air emissions; (b) to implement recharging infrastructure or other infrastructure needed to charge or maintain such electric school buses; and (c) to develop and train workers to support the maintenance, charging, and operations of such electric school buses and (ii) Fund and Program projects by public, private, or nonprofit entities in Virginia (a) to assist with replacing commercial motor vehicles, heavy equipment, or other machinery owned and operated by the entities that are used in Virginia that rely on diesel fuels with electric vehicles or equivalent equipment that reduce air emissions and (b) to implement recharging infrastructure or other infrastructure needed to charge or maintain such electric vehicles or equivalent equipment.

E. The Department shall consult with the Department of Mines, Minerals and Energy, the Department of Transportation, the Department of Education, and other agencies of the Commonwealth,

60 as well as organizations with expertise in the climate and public health, and other interested
61 stakeholders, to adopt necessary policies and procedures for administering the Fund and Program and
62 for determining eligibility, qualifications, terms, conditions, and other requirements for Fund and
63 Program projects. The criteria for prioritizing Fund and Program projects by public school divisions
64 shall take into consideration geographic areas with high asthma rates, lowest measured air quality, and
65 level of air emission from existing school buses.

66 F. Notwithstanding any provision to the contrary, in no event shall any allocation of funds be made
67 to the Fund or the Program unless federal funds or nonstate funds are available to cover the entire cost
68 of such allocation.

69 G. The Department shall submit an annual report to the General Assembly regarding administration
70 of the Fund and Program for the preceding fiscal year. The report shall include the number of grants
71 awarded, the number of vehicles or equipment replaced, the number of jobs supported, and, to the
72 extent available, the general environmental or health impact of the Fund and Program. The report shall
73 be furnished to the Chairmen of the House Committee on Appropriations and the Senate Committee on
74 Finance and Appropriations no later than November 1 of each year. However, no annual report shall be
75 required if the Fund and Program do not receive funding.

76 **2. That the Department of Environmental Quality shall, as funding becomes available, convene a**
77 **work group consisting of representatives from relevant state agencies, as well as from education,**
78 **energy, environment, health, manufacturing, technology, and transportation sectors, and other**
79 **interested stakeholders to develop recommendations for establishing and administering the**
80 **Virginia Electric Vehicle Grant Fund (the Fund) and the Virginia Electric Vehicle Grant Program**
81 **(the Program) and identifying and developing strategies for obtaining dedicated streams of**
82 **revenues for the Fund, including from the federal government and from corporate, philanthropic,**
83 **nonprofit, or other entities. Recommendations for administering the Program shall include criteria**
84 **that prioritizes public school divisions that (i) serve the most students who live in areas with the**
85 **highest asthma rates and lowest measured air quality; (ii) allow the grants to be distributed**
86 **equitably to serve students who live in rural or low income areas; and (iii) maximize the use of**
87 **grants through other incentives that public school divisions undertake, such as participating in**
88 **local transparent and competitive public-private partnerships, achieving further reductions in air**
89 **emissions by, for example, installing solar panels to power the infrastructure for electric school**
90 **buses, or hiring local residents for work related to the Program. Upon completion, the work group**
91 **shall report its recommendations to the Chairmen of the House Committee on Appropriations and**
92 **the Senate Committee on Finance and Appropriations.**