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HOUSE BILL NO. 2118

FLOOR AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by Senator Lucas
on February 23, 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 train workers according to labor standards to be developed by the Department 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

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

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

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

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

97 3. That a Phase II utility, as defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, may
98 contract with participating school divisions within its service territory to provide no more than
99 1,000 electric school buses to the participating school divisions at a cost per bus, to the school
100 division, reasonably equivalent to the cost of a nonelectric school bus. The utility may recover the
101 reasonable and prudent incremental costs in excess of such amount pursuant to subsection D of
102 § 56-585.5 of the Code of Virginia, provided that the utility shall not recover such costs through a
103 rate adjustment clause pursuant to subdivision A 6 of § 56-585.1 of the Code of Virginia and
104 provided further that such recovery results in no increase in its rates for generation and
105 distribution services. The State Corporation Commission shall find such incremental costs in the
106 public interest and participating electric school buses shall qualify as energy storage pursuant to
107 § 56-585.5 of the Code of Virginia. The utility may use the energy storage in such buses as an
108 electric grid stabilization or peak shaving resource when the bus is not needed for transportation
109 of students. The utility shall grant priority to schools within its territory that receive funding
110 pursuant to Title I, Part A of the federal Elementary and Secondary Education Act of 1965, P.L.
111 89-10, as amended, and allocate at least 25 percent of participating electric school buses to such
112 schools. The utility shall also grant priority to schools located in areas with the lowest ambient air
113 quality within its territory. Subject to such priorities, the utility shall allocate participating electric
114 school buses equitably throughout the utility's service territory. The utility shall be required, in
115 building the charging stations and other infrastructure pursuant to this act, and in maintenance
116 thereof, to (i) pay the local prevailing wage rate as determined by the U.S. Secretary of Labor
117 under the provisions of the federal Davis-Bacon Act, 40 U.S.C § 276 et seq., as amended, to each
118 laborer, workman, electrician, and mechanic the utility employs for the project; (ii) participate in
119 apprenticeship programs that have been certified by the Department of Labor and Industry or the
120 U.S. Department of Labor; (iii) establish preferences for hiring veterans, as that term is defined in
121 § 2.2-2000.1 of the Code of Virginia, local workers, women, and workers from historically

122 economically disadvantaged communities for work performed; and (iv) require that the provisions
123 of clauses (i), (ii), and (iii) be included in every subcontract so that the provisions will be binding
124 upon each subcontractor. The utility shall report annually to the Department of Environmental
125 Quality and its work group convened under this act the number of electric school buses provided
126 to participating school divisions and the energy storage used for electric grid stabilization or peak
127 shaving.