

# HOUSE BILL 1269

M3, R2  
HB 1360/24 – ENT

5lr3378

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By: **Delegate Howard**

Introduced and read first time: February 7, 2025

Assigned to: Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **School Bus Transition – Propane–Powered School Buses – Grant Program,**  
3 **Fund, and Purchase**

4 FOR the purpose of altering certain provisions of law relating to funding and grants for  
5 transitioning to zero–emission vehicle school buses to include propane–powered  
6 school buses; authorizing a county board of education, beginning in a certain fiscal  
7 year, to enter into a new contract for the purchase of school buses that are  
8 propane–powered; and generally relating to propane–powered school buses.

9 BY repealing and reenacting, with amendments,  
10 Article – Environment  
11 Section 2–1501 through 2–1505 to be under the amended subtitle “Subtitle 15.  
12 Zero–Emission Vehicle and Propane–Powered School Buses”  
13 Annotated Code of Maryland  
14 (2013 Replacement Volume and 2024 Supplement)

15 BY repealing and reenacting, without amendments,  
16 Article – State Finance and Procurement  
17 Section 6–226(a)(2)(i)  
18 Annotated Code of Maryland  
19 (2021 Replacement Volume and 2024 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article – State Finance and Procurement  
22 Section 6–226(a)(2)(ii)112.  
23 Annotated Code of Maryland  
24 (2021 Replacement Volume and 2024 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
26 That the Laws of Maryland read as follows:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Environment**2 Subtitle 15. Zero–Emission Vehicle **AND PROPANE–POWERED** School Buses.

3 2–1501.

4 (a) In this subtitle the following words have the meanings indicated.

5 (b) “Fund” means the Zero–Emission Vehicle **AND PROPANE–POWERED** School  
6 Bus Transition Fund.7 (c) “Program” means the Zero–Emission Vehicle **AND PROPANE–POWERED**  
8 School Bus Transition Grant Program.9 (d) “Zero–emission vehicle” has the meaning stated in § 23–206.4 of the  
10 Transportation Article.

11 2–1502.

12 The Department and the Department of Transportation jointly shall provide  
13 technical assistance to county boards of education and entities that contract with county  
14 boards to provide transportation services for transitioning to the use of school buses that  
15 are zero–emission vehicles **OR ARE PROPANE–POWERED** throughout the State.

16 2–1503.

17 (a) There is a Zero–Emission Vehicle **AND PROPANE–POWERED** School Bus  
18 Transition Grant Program in the State.19 (b) The purpose of the Program is to provide grants to county boards of education  
20 and entities that contract with county boards to provide transportation services to:

21 (1) Purchase school buses that are [zero–emission]:

22 (I) **ZERO–EMISSION** vehicles; **OR**23 (II) **PROPANE–POWERED**;24 (2) Install electric vehicle infrastructure for charging school buses that are  
25 zero–emission vehicles;26 (3) Engage in planning for a transition to using school buses that are  
27 zero–emission vehicles; and28 (4) Fund pilot programs to experiment with a transition to school buses  
29 that are zero–emission vehicles.

1 (c) The Department, in consultation with the State Department of Education,  
2 shall implement and administer the Program.

3 (d) (1) If the Department receives any funds as a result of a legal settlement  
4 that are earmarked for the purpose of transitioning to school buses that are zero-emission  
5 vehicles **OR PROPANE-POWERED**, the funds shall be made available to award grants in  
6 accordance with this section.

7 (2) In addition to any funding provided under paragraph (1) of this  
8 subsection, funding for the Program consists of:

9 (i) Money appropriated in the State budget for the Program; and

10 (ii) Any additional money made available to the Program from any  
11 private or public sources.

12 (e) The Department may adopt regulations to implement this section.

13 2-1504.

14 (a) There is a Zero-Emission Vehicle **AND PROPANE-POWERED** School Bus  
15 Transition Fund.

16 (b) The purpose of the Fund is to provide funding for the Program.

17 (c) The Department, in consultation with the State Department of Education,  
18 shall administer the Fund.

19 (d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of  
20 the State Finance and Procurement Article.

21 (2) The State Treasurer shall hold the Fund separately, and the  
22 Comptroller shall account for the Fund.

23 (e) The Fund consists of:

24 (1) Money appropriated in the State budget to the Fund;

25 (2) Interest earnings of the Fund;

26 (3) Donations;

27 (4) Money derived from legal settlements earmarked for the purpose of  
28 transitioning to school buses that are zero-emission vehicles **OR ARE**  
29 **PROPANE-POWERED**; and

1           (5) Any other money from any other source accepted for the benefit of the  
2 Fund.

3           (f) The Fund may be used only for the Program.

4           (g) (1) The State Treasurer shall invest the money of the Fund in the same  
5 manner as other State money may be invested.

6           (2) Any interest earnings of the Fund shall be credited to the Fund.

7           (h) Expenditures from the Fund may be made only in accordance with the State  
8 budget.

9           (i) Money expended from the Fund for the Program is supplemental to and is not  
10 intended to take the place of funding that otherwise would be appropriated for the Program.

11 2-1505.

12           (a) In this section, “incremental costs” means:

13                   (1) In the case of a contract for the purchase of school buses, the cost  
14 difference between purchasing and operating school buses that are zero-emission vehicles  
15 **OR THAT ARE PROPANE-POWERED** and school buses that are diesel-powered vehicles;  
16 and

17                   (2) In the case of a contract for the use of school buses, the cost difference  
18 between contracting for the use of school buses that are zero-emission vehicles **OR THAT**  
19 **ARE PROPANE-POWERED** and school buses that are diesel-powered vehicles.

20           (b) **(1)** Except as provided in subsection (c) of this section **AND SUBJECT TO**  
21 **PARAGRAPH (2) OF THIS SUBSECTION**, beginning in fiscal year 2025, a county board of  
22 education may not enter into a new contract for:

23                   **[(1)] (I)** The purchase of any school bus that is not a zero-emission  
24 vehicle; or

25                   **[(2)] (II)** The use of any school bus that is not a zero-emission vehicle,  
26 unless the school bus has an in-service date of July 1, 2024, or before.

27                   **(2) BEGINNING IN FISCAL YEAR 2030, A COUNTY BOARD OF**  
28 **EDUCATION MAY ENTER INTO A NEW CONTRACT FOR THE PURCHASE OF SCHOOL**  
29 **BUSES THAT ARE PROPANE-POWERED.**

30           (c) The requirements of subsection (b) of this section do not apply if:

1 (1) The Department determines that no available zero-emission **OR**  
2 **PROPANE-POWERED** vehicle meets the performance requirements for the county board's  
3 use; or

4 (2) The county board is unable to obtain federal, State, or private funding  
5 sufficient to cover the incremental costs associated with contracting for the purchase or use  
6 of school buses that are zero-emission vehicles **OR THAT ARE PROPANE-POWERED**.

7 (d) A county board may enter into an agreement with an electric company to  
8 obtain monetary incentives in exchange for allowing the electric company to use the storage  
9 batteries of zero-emission buses owned or operated by the county board to access the stored  
10 electricity through vehicle-to-grid technology.

11 (e) The Department, in consultation with other appropriate State agencies, shall  
12 work with the county boards and private school bus contractors to develop electric vehicle  
13 infrastructure sufficient to support school buses that are zero-emission vehicles.

14 (f) The Department shall prioritize the use of available federal funding to carry  
15 out this section.

#### 16 **Article – State Finance and Procurement**

17 6–226.

18 (a) (2) (i) 1. This subparagraph does not apply in fiscal years 2024  
19 through 2028.

20 2. Notwithstanding any other provision of law, and unless  
21 inconsistent with a federal law, grant agreement, or other federal requirement or with the  
22 terms of a gift or settlement agreement, net interest on all State money allocated by the  
23 State Treasurer under this section to special funds or accounts, and otherwise entitled to  
24 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General  
25 Fund of the State.

26 (ii) The provisions of subparagraph (i) of this paragraph do not apply  
27 to the following funds:

28 112. the Zero-Emission Vehicle **AND PROPANE-POWERED**  
29 School Bus Transition Fund;

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 October 1, 2025.