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HOUSE BILL NO. 1340

Offered January 19, 2026

A BILL to amend and reenact § 10.1-1322.5 of the Code of Virginia, relating to Virginia Electric Vehicle Grant Fund and Program; public, private, or nonprofit entity under contract with public school division.

Patron—Bulova, G.

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:**1. That § 10.1-1322.5 of the Code of Virginia is amended and reenacted 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.

"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 use 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.

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

"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 *or any public, private, or nonprofit entity currently under contract with, or expected to be under contract with, a public school division* (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 Energy, the Department of Transportation, the Department of Education, and other agencies of the Commonwealth, as well as organizations with expertise

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59 in the climate and public health, and other interested stakeholders, to adopt necessary policies and procedures
60 for administering the Fund and Program and for determining eligibility, qualifications, terms, conditions, and
61 other requirements for Fund and Program projects. The criteria for prioritizing Fund and Program projects by
62 public school divisions *or any public, private, or nonprofit entity currently under contract with, or expected*
63 *to be under contract with, a public school division* shall take into consideration geographic areas with high
64 asthma rates, lowest measured air quality, and level of air emission from existing school buses.

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

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