

**FISCAL NOTE**  
**SB 98 – HB 292**

March 5, 2007

**SUMMARY OF BILL:** Requires each school bus operated by any public or private primary or secondary school system to be equipped with safety belts or restraints no later than January 1, 2008. In addition, any school bus purchased after July 1, 2007, must be equipped with safety belts or restraints for the driver and all passengers. Notices must be posted in each bus notifying all passengers of the need to wear a safety belt. Gives an exemption from liability in an action for personal injury caused solely by a passenger's nonuse of a safety belt or restraint system.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$67,990,100 Recurring FY08-09**

**Increase Local Govt. Expenditures\* - \$386,900,000 One-Time FY07-08**  
**\$ 67,990,100 Recurring FY08-09**

Assumptions:

- All school buses in the current fleet (8,400) would be required to be retrofitted with safety belts or restraints by January 1, 2008.
- Any new school buses purchased after July 1, 2007, must be equipped with safety belts.
- Currently, the majority of buses purchased are 78-passenger buses. Under the provisions of this bill, these same styled buses would only be able to accommodate 59 passengers (a 24% decrease in seating capacity). An additional 24 buses per 100 would have to be purchased just to accommodate the same number of passengers.
- Estimated cost of a 78-passenger bus with safety belts is \$88,500 (capacity of 59 passengers). The cost of the same styled bus without safety belts in FY07 is estimated to be \$77,500, or a difference of \$11,000.
- Due to an increase in the number of additional buses purchased, additional bus drivers, mechanics, benefits, fuel, tires, insurance, etc., would also be needed.
- First year costs to local governments include: the cost to retrofit 8,400 buses at \$11,000 each totaling \$92,400,000; the cost to purchase 2,016 additional buses to replace the seating capacity differential at a cost of \$88,500 per bus totaling \$178,416,000; a cost of \$116,054,099 for maintenance and operation which is shown as a recurring cost in the second and subsequent years. Total first year costs to local governments is estimated to be \$386,870,099.

- Based on a 10-year average, approximately 600 buses are retired from service and replaced with new buses each year.
- Second year costs include: The differential cost to retire 600 buses and replace with new buses with seat belts at a cost of \$11,000 each totaling \$6,600,000; the cost to purchase 144 new buses to replace the seating capacity differential at a cost of \$88,500 per bus totaling \$12,744,000; maintenance and operation cost of \$116,054,099. Total second year costs are estimated to be \$135,398,099 shared equally between state and local governments. State share would be \$67,699,000 and local share would be \$67,699,000.
- This estimate does not include the increase in miles transported due to the additional buses, which also affects the BEP formula; nor does it include the cost of building larger bus garages to accommodate the increased number of buses.
- An increase in expenditures by local school systems for transportation results in an estimated increase in state funds generated by the BEP formula for transportation in subsequent years.
- In summary:

First year local cost:

\$ 92,400,000	retrofit 8,400 existing buses
\$178,416,000	new buses required (2,016)
<u>\$116,054,099</u>	maintenance cost
\$386,870,099	Total first year

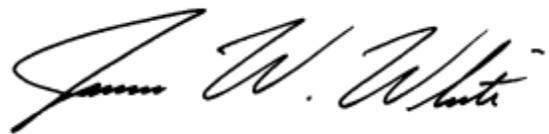
Second year cost:

\$ 6,600,000	(600 x \$11,000 differential)
\$ 12,744,000	(144 add'l buses x \$88,500)
<u>\$116,054,099</u>	Maintenance & operation
\$135,398,099	Total second year
\$ 67,699,000	50% State Share
\$ 67,699,000	50% Local Share

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director