

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1605 - HB 1473

January 28, 2014

SUMMARY OF BILL: Deletes current law relating to school bus service life, mileage restrictions, inspections, and inspection fees. Prohibits the use of service life or mileage restrictions to determine whether a school bus may remain in service. Requires all buses to have one annual inspection. Requires bus owners to maintain maintenance and safety inspection records and to make those documents available to the Commissioner of the Department of Safety or the Commissioner's designee at all times. Authorizes inspectors to require repair and reconditioning of buses to maintain road worthiness and to remove buses from the road if the inspector deems them to be unsafe. Authorizes the Commissioner of Safety to promulgate rules and regulations on school bus safety inspections.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$259,700/FY14-15 and Subsequent Fiscal Years

**Decrease Local Expenditures – Net Impact -
Exceeds \$22,464,700/FY14-15 and Subsequent Fiscal Years/Permissive**

Other Fiscal Impact – If transportation costs decrease as a result of local education agencies (LEAs) choosing not to purchase new or used school buses, the Basic Education Program (BEP) funding formula may generate less funding over time, thus decreasing state and local BEP expenditures. The impact of any decrease in BEP funding will occur three years after any BEP funding formula adjustment since the BEP transportation component is funded on a three-year average. Based on information provided by the Department of Education, the decrease is reasonably estimated to exceed \$10,000,000.

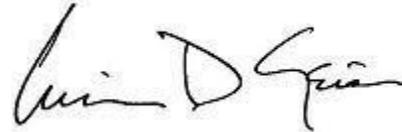
Assumptions:

- The Department of Safety will no longer collect an additional inspection fee for certain school buses. The Department of Safety collected \$259,700 in additional inspection fees in FY12-13.
- The decrease in state revenue in FY14-15 and subsequent fiscal years is estimated to exceed \$259,700.

- The decrease in local expenditures for the additional inspection fees is estimated to exceed \$259,700 in FY14-15 and subsequent fiscal years.
- No decrease in Department of Safety personnel as a result of fewer inspections being performed.
- The Department of Education estimates there are 543 buses that would be replaced under current law.
- According to DOE, the average cost for a bus is \$85,000. If local governments elect not to purchase 273 buses as a result of this bill (approximately 50% of all buses that are estimated to be replaced) in FY14-15, the permissive decrease in local expenditures is estimated to be \$23,205,000 ($\$85,000 \times 273$).
- Annual local expenditures for bus maintenance may increase as a result of extending the service life of buses. It is reasonably estimated that the permissive increase in maintenance expenditures will be at least \$1,000,000 annually statewide; further it is assumed that the cost for maintenance is less than the cost to purchase a new bus.
- The net decrease in permissive local expenditures in FY14-15 and subsequent fiscal years is estimated to exceed \$22,464,700 [$(\$23,205,000 + \$259,700) - \$1,000,000$].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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